

City of Akutan, Alaska

**Basic Financial Statements, Required
Supplementary Information, Supplementary
Information and Single Audit Reports
Year Ended June 30, 2013**



City of Akutan, Alaska

Basic Financial Statements, Required Supplementary Information,
Supplementary Information and Single Audit Reports
Year Ended June 30, 2013



City of Akutan, Alaska

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City of Akutan, Alaska

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Independent Auditor's Report

Honorable Mayor and City Council
City of Akutan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Akutan, Alaska, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Akutan, Alaska, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

New Accounting Pronouncements

As discussed in Note 1 to the financial statements, in 2013, City of Akutan adopted the provisions of Governmental Accounting Standards Board (GASB) Statement number 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and the provisions of GASB Statement number 65, *Items Previously Reported as Assets and Liabilities*. These provisions have been retrospectively applied to all periods presented in these financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 32-33 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit for the year ended June 30, 2013 was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Akutan's basic financial statements. The accompanying Schedule of State Financial Assistance, and the combining and individual fund financial statements and schedules listed in the table of contents for the year ended June 30, 2013 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of State Financial Assistance is required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*.

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2013 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2013.

City of Akutan's basic financial statements for the year ended June 30, 2012 (not presented herein), were audited by other auditors whose report thereon dated March 25, 2013, expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. The report of the other auditors dated March 25, 2013, stated that the individual fund financial statements and schedules for the year ended June 30, 2012 were subjected to the auditing procedures applied in the audit of the 2012 basic financial statements and certain additional auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those basic financial statements or to those basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and, in their opinion, were fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2012.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2014, on our consideration of City of Akutan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Akutan's internal control over financial reporting and compliance.

BDO USA, LLP

Anchorage, Alaska
March 27, 2014

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Basic Financial Statements

City of Akutan, Alaska

Statement of Net Position

June 30, 2013	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments	\$ 4,846,471	\$ -	\$ 4,846,471
Receivables, net of allowance for doubtful accounts:			
Akutan Traditional Council	82,564	-	82,564
Fish taxes	341,836	-	341,836
Accounts	49,215	13,177	62,392
Grants	157,264	-	157,264
Airport	48,441	-	48,441
Other	30,766	-	30,766
Prepaid items	549	-	549
Fuel inventory	84,931	14,203	99,134
Investment in Southwest Governments, LLC	559,809	-	559,809
Internal balances	828,942	(828,942)	-
Capital assets not being depreciated - land and construction in progress	2,918,100	112,983	3,031,083
Other capital assets, net of accumulated depreciation	8,714,681	2,140,100	10,854,781
Total Assets	\$ 18,663,569	\$ 1,451,521	\$ 20,115,090
Liabilities and Net Position			
Liabilities:			
Accounts payable	\$ 260,894	\$ 9,188	\$ 270,082
Accrued payroll and benefits	8,951	-	8,951
Prepaid rent	5,500	-	5,500
Noncurrent liabilities:			
Due within one year - accrued leave	75,285	1,672	76,957
Due in more than one year - notes payable	345,454	-	345,454
Total liabilities	696,084	10,860	706,944
Net position:			
Net investment in capital assets	11,632,781	2,253,083	13,885,864
Unrestricted (deficit)	6,334,704	(812,422)	5,522,282
Total net position	17,967,485	1,440,661	19,408,146
Total Liabilities and Net Position	\$ 18,663,569	\$ 1,451,521	\$ 20,115,090

See accompanying notes to basic financial statements.

City of Akutan, Alaska

Statement of Activities

Year Ended June 30, 2013

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
Activities	Expenses	Fees, Fines & Charges for Services	Operating Grants & Contri- butions	Capital Grants & Contri- butions	Govern- mental Activities	Business- type Activities	Total
Governmental:							
General government	\$ 1,281,382	\$ 15,911	\$ 63,066	\$ -	\$ (1,202,405)	\$ -	\$ (1,202,405)
Public safety	92,232	-	6,062	-	(86,170)	-	(86,170)
Community services	597,421	377,132	-	-	(220,289)	-	(220,289)
Public works	960,190	-	60,080	1,550,970	650,860	-	650,860
Garbage and recycling	28,292	-	2,265	-	(26,027)	-	(26,027)
Apartment building	52,138	11,294	-	-	(40,844)	-	(40,844)
Airport	1,254,961	52,885	11,179	-	(1,190,897)	-	(1,190,897)
Harbor	194,893	-	-	-	(194,893)	-	(194,893)
Warehouse	2,064	1,797	-	-	(267)	-	(267)
Dock and skiff moorage	230,271	3,785	-	-	(226,486)	-	(226,486)
Water and sewer	93,448	1,241	-	-	(92,207)	-	(92,207)
Cable	23,483	18,539	-	-	(4,944)	-	(4,944)
Total governmental	4,810,775	482,584	142,652	1,550,970	(2,634,569)	-	(2,634,569)
Business-type - electric	518,267	137,655	-	164,166	-	(216,446)	(216,446)
Total	\$ 5,329,042	\$ 620,239	\$ 142,652	\$ 1,715,136	(2,634,569)	(216,446)	(2,851,015)
General revenues:							
Fish taxes					1,663,209	-	1,663,209
Grants and entitlements not restricted to a specific purpose					1,698,379	-	1,698,379
Investment income					50,168	-	50,168
Other					145,188	-	145,188
Transfers					(208,436)	208,436	-
Total general revenues and transfers					3,348,508	208,436	3,556,944
Change in net position					713,939	(8,010)	705,929
Net Position at beginning of year					17,253,546	1,448,671	18,702,217
Net Position at end of year					\$ 17,967,485	\$ 1,440,661	\$ 19,408,146

See accompanying notes to basic financial statements.

City of Akutan, Alaska

Governmental Funds
Balance Sheet

June 30, 2013	Major Funds					Nonmajor Funds	Total Govern- mental Funds
	General	Special Revenue		Capital Project Town Creek			
		Permanent	Geothermal Development				
Assets							
Cash and investments	\$ 76,882	\$ 3,749,090	\$ -	\$ -	\$ 1,020,499	\$ 4,846,471	
Receivables:							
Fish taxes	341,836	-	-	-	-	341,836	
Accounts	-	-	-	-	55,715	55,715	
Grants	58,422	-	19,929	66,320	12,593	157,264	
Airport	48,441	-	-	-	-	48,441	
Other	30,766	-	-	-	-	30,766	
Allowance for doubtful accounts	-	-	-	-	(6,500)	(6,500)	
Prepaid items	549	-	-	-	-	549	
Fuel inventory	-	-	-	-	84,931	84,931	
Long-term receivable -							
Akutan Traditional Council	82,564	-	-	-	-	82,564	
Investment in Southwest							
Governments, LLC	559,809	-	-	-	-	559,809	
Due from other funds	36,647	-	-	-	-	36,647	
Advances to other funds	828,942	321,289	-	-	-	1,150,231	
Total Assets	\$ 2,064,858	\$ 4,070,379	\$ 19,929	\$ 66,320	\$ 1,167,238	\$ 7,388,724	
Liabilities, Deferred Inflows and Fund Balances							
Liabilities:							
Accounts payable	\$ 169,587	\$ -	\$ 6,835	\$ 40,553	\$ 43,919	\$ 260,894	
Accrued payroll and benefits	7,311	-	-	-	1,640	8,951	
Unearned revenue - prepaid rent	5,500	-	-	-	-	5,500	
Due to other funds	-	-	-	9,568	27,079	36,647	
Advance from other funds	-	-	321,289	-	-	321,289	
Total liabilities	182,398	-	328,124	50,121	72,638	633,281	
Deferred inflows of resources -							
Southwest Governments, LLC	87,266	-	-	-	-	87,266	
Total liabilities and deferred inflows of resources	269,664	-	328,124	50,121	72,638	720,547	
Fund balances:							
Nonspendable	1,384,598	321,289	-	-	84,931	1,790,818	
Assigned	-	3,749,090	-	16,199	1,009,669	4,774,958	
Unassigned (deficit)	410,596	-	(308,195)	-	-	102,401	
Total fund balances	1,795,194	4,070,379	(308,195)	16,199	1,094,600	6,668,177	
Total Liabilities, Deferred inflows of Resources and Fund Balances	\$ 2,064,858	\$ 4,070,379	\$ 19,929	\$ 66,320	\$ 1,167,238	\$ 7,388,724	

See accompanying notes to basic financial statements.

City of Akutan, Alaska
Reconciliation of Governmental Funds Balance Sheet
to Statement of Net Position
June 30, 2013

Total fund balances for governmental funds \$ 6,668,177

Total net position reported for governmental activities in the
Statement of Net Position is different because:

Capital assets used in governmental activities are not financial
resources and therefore are not reported in the funds. These
assets, net of accumulated depreciation consist of:

Land and land improvements	\$ 793,886
Construction in progress	2,124,214
Buildings and improvements	4,774,316
Equipment	914,869
Service lines	625,000
Infrastructure	6,471,378
Accumulated depreciation	<u>(4,070,882)</u>

Total capital assets 11,632,781

The City has an investment in Southwest Governments, LLC.

This is the unrealized gain on the long-term asset which is deferred
in the funds.

87,266

Long-term liabilities are not due and payable in the
current period and therefore are not reported as fund liabilities.

Note payable	(345,454)
Accrued leave	<u>(75,285)</u>

Total Net Position of Governmental Activities \$17,967,485

See accompanying notes to basic financial statements.

City of Akutan, Alaska
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)

Year Ended June 30, 2013	Major Funds					Nonmajor Funds	Total Govern- mental Funds
	General	Special Revenue		Capital Project			
		Permanent	Geothermal Development	Town Creek			
Revenues:							
Intergovernmental:							
State of Alaska	\$ 1,657,125	\$ -	\$ 511,125	\$ 997,677	\$ 42,168	\$ 3,208,095	
Federal	58,422	-	-	-	-	58,422	
Local fish taxes	1,663,209	-	-	-	-	1,663,209	
Charges for services	-	-	-	-	381,660	381,660	
Investment income	80,941	12,404	-	207	-	93,552	
Other revenues	371,596	-	64	-	144	371,804	
Total revenues	3,831,293	12,404	511,189	997,884	423,972	5,776,742	
Expenditures:							
Current:							
General government	1,177,711	-	-	-	-	1,177,711	
Public safety	74,414	-	-	-	-	74,414	
Community services	59,954	-	-	-	456,515	516,469	
Public works	336,249	-	589,544	-	58,927	984,720	
Water and sewer	64,555	-	-	-	-	64,555	
Garbage and recycling	42,620	-	-	-	-	42,620	
Apartment building	28,292	-	-	-	-	28,292	
Airport	1,193,564	-	-	-	-	1,193,564	
Harbor	194,893	-	-	-	-	194,893	
Permanent	-	7,458	-	-	-	7,458	
Dock and skiff moorage	-	-	-	-	150,447	150,447	
Cable	-	-	-	-	20,872	20,872	
Capital outlay	1,390,614	-	-	1,107,613	757,784	3,256,011	
Total expenditures	4,562,866	7,458	589,544	1,107,613	1,444,545	7,712,026	
Excess of revenues over							
(under) expenditures	(731,573)	4,946	(78,355)	(109,729)	(1,020,573)	(1,935,284)	
Other financing sources (uses):							
Transfers in	1,400,000	-	34,325	-	951,360	2,385,685	
Transfers out	(524,110)	(1,560,011)	-	-	(510,000)	(2,594,121)	
Net other financing							
sources (uses)	875,890	(1,560,011)	34,325	-	441,360	(208,436)	
Net change in fund balances	144,317	(1,555,065)	(44,030)	(109,729)	(579,213)	(2,143,720)	
Beginning fund balances (deficits)	1,650,877	5,625,444	(264,165)	125,928	1,673,813	8,811,897	
Ending fund balances (deficits)	\$ 1,795,194	\$ 4,070,379	\$ (308,195)	\$ 16,199	\$ 1,094,600	\$ 6,668,177	

See accompanying notes to basic financial statements.

City of Akutan, Alaska

Reconciliation of the Change in Fund Balances of Governmental Funds to Statement of Activities

Year Ended June 30, 2013

Net change in fund balances - total governmental funds	\$ (2,143,720)
The change in net position reported for governmental activities in the Statement of Activities is different because:	
Governmental funds report capital outlays as expenditures. However on the Statement of Activities, depreciation expense is recognized to allocate the cost of these items over the estimated useful lives. This is the amount by which capital outlays (\$3,350,525) exceeded depreciation (\$385,784).	2,964,741
Some revenues may not be collected for several months after the City's year-end. This is the decrease in deferred inflows of resources related to the City's investment in Southwest Governments, LLC.	(43,592)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the change in accrued leave.	<u>(63,490)</u>
Change in Net Position of Governmental Activities	<u>\$ 713,939</u>

See accompanying notes to basic financial statements.

City of Akutan, Alaska
Electric Enterprise Fund
Statement of Net Position

June 30, 2013

Assets

Current assets:

Accounts receivable	\$ 13,177
Fuel inventory	14,203
Total current assets	27,380

Property, plant and equipment:

Buildings and improvements	249,868
Distribution system	1,667,656
Hydro plant	739,683
Generators and other equipment	543,742
Construction in progress	112,983
Total property, plant and equipment	3,313,932
Less accumulated depreciation	(1,060,849)
Net property, plant and equipment	2,253,083

Total Assets	\$ 2,280,463
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Liabilities and Net Position

Current liabilities:

Accounts payable	\$ 9,188
Accrued leave	1,672
Total current liabilities	10,860

Noncurrent liabilities - advance from other funds	828,942
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Total liabilities	839,802
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Net position:

Net investment in capital assets	2,253,083
Deficit	(812,422)
Total net position	1,440,661

Total Liabilities and Net Position	\$ 2,280,463
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See accompanying notes to basic financial statements.

City of Akutan, Alaska
Electric Enterprise Fund
Statement of Revenues, Expenses and
Changes in Net Position

Year Ended June 30, 2013

Operating revenues:	
Charges for services	\$ 130,382
City electric usage	7,273
Total operating revenues	137,655
Operating expenses:	
Salaries and benefits	146,117
Outside services	23,344
Parts and supplies	20,802
Filters	1,092
Insurance	8,580
Electric	126
Telephone	186
Fuel	192,042
Equipment	7,763
Repair and maintenance	12,851
Depreciation	103,964
Miscellaneous	1,400
Total operating expenses	518,267
Loss before contributions and transfers	(380,612)
Capital contributions	164,166
Transfers in	208,436
Change in net position	(8,010)
Beginning net position	1,448,671
Ending net position	\$ 1,440,661

See accompanying notes to basic financial statements.

City of Akutan, Alaska

Electric Enterprise Fund

Statement of Cash Flows

*Year Ended June 30, 2013***Cash Flows from Operating Activities**

Receipts from customers and users	\$ 186,789
Payments to suppliers	(308,137)
Payments to employees	(148,958)
Net cash flows from operating activities	(270,306)

Cash Flows from Noncapital Financing Activities

Transfers in	208,436
Increase in advance from other funds	263,770
Net cash flows from noncapital financing activities	472,206

Cash Flows from Capital and Related Financing Activities

Purchase of capital assets	(366,066)
Capital contributions	164,166
Net cash flows from capital and related financing activities	(201,900)

Net increase in cash and investments	-
--------------------------------------	---

Beginning cash and investments	-
---------------------------------------	---

Ending cash and investments	\$ -
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Reconciliation of loss from operations to net cash

flows from operating activities:

Loss from operations	\$ (380,612)
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Adjustments to reconcile loss from operations
to net cash flows from operating activities:

Depreciation	103,964
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(Increase) decrease in assets:

Accounts receivable	49,134
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Fuel Inventory	1,610
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Increase (decrease) in liabilities:

Accounts payable	(41,561)
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Accrued leave	(2,841)
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Net Cash Flows from Operating Activities	\$ (270,306)
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See accompanying notes to basic financial statements.

City of Akutan, Alaska

Notes to Basic Financial Statements

June 30, 2013

1. Summary of Significant Accounting Policies

Reporting Entity

The City of Akutan (City) was incorporated in 1979 as a second class city under the laws of the State of Alaska. The City operates under a council-mayor form of government and performs municipal duties allowed by Alaska statutes and as directed by its residents.

The financial statements included in this report are for the City of Akutan only. There are no other component units for which the City of Akutan is financially accountable, nor do any special financial relationships exist between the City and any other entity.

The accounting policies of the City conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the City. In general, the effect of interfund activity has been removed from these statements to minimize the double-counting of internal activities. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely primarily on fees and charges to external parties.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) fees, fines and charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days after year end.

City of Akutan, Alaska

Notes to Basic Financial Statements

June 30, 2013

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only to the extent they have matured.

Fish taxes, charges for services, rentals, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when received by the government.

The City reports the following major funds:

Major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Permanent Special Revenue Fund* manages funds for operations in the event there is a fisheries decline or other community disaster.

The *Geothermal Development Special Revenue Fund* accounts for activities related to the geothermal project.

The *Town Creek Capital Project Fund* accounts for activities related to the Town Creek hydroelectric project.

Major proprietary fund -

The *Electric Enterprise Fund* is used to account for the operations of the electric utility.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are allocated administration fees and charges between the enterprise fund and the various other funds and departments. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. In addition, general revenues include all taxes, investment income, and State entitlement revenues.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. Operating expenses for the enterprise fund include the costs of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses

City of Akutan, Alaska

Notes to Basic Financial Statements

June 30, 2013

Cash and Cash Equivalents

For purposes of the statement of cash flows, the enterprise fund considers all equity in central treasury to be cash and cash equivalents. The central treasury, which holds cash and investments, is used essentially as a cash management pool by each fund.

Inventories

Inventories are valued at cost (first-in, first-out). Inventory consists of fuel held for resale and/or consumption by City departments. The cost is recorded as an expenditure or expense at the time individual inventory items are consumed.

Accrued Leave

The City allows employees to accumulate earned but unused vacation benefits. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental fund financial statements only if they have matured (e.g. the employee has terminated employment).

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the useful life of the asset are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the City is depreciated using the straight line method over the following estimated useful lives:

	Years
Buildings and improvements	20 - 40
Infrastructure (dock, floats, etc.)	50
System infrastructure	20 - 50
Machinery and equipment	5 - 20

Unearned Grant Revenue

Amounts received from grantor agencies, which are restricted as to use and have not been expended for the intended use are shown as unearned revenue. At June 30, 2013 there were no advanced grant funds.

City of Akutan, Alaska

Notes to Basic Financial Statements

June 30, 2013

Fund Balances

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form—prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance - This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance.- These amounts can only be used for specific purposes pursuant to constraints imposed by formal ordinances of the City Council—the government’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the City removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance - This classification reflects the amounts constrained by the City’s “intent” to be used for specific purposes, but are neither restricted nor committed. The City Council and the City Administrator have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance - This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use externally restricted resources first, then unrestricted resources—committed, assigned, and unassigned—in order as needed.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for expenditures are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund and Special Revenue Funds. Any encumbrances outstanding at year end are reported as appropriate constraints of fund balances if they meet the definitions and criteria as outlined above.

Pension Plans

All full time employees of the City participate in the Public Employees' Retirement System (PERS) administered by the State of Alaska.

City of Akutan, Alaska
Notes to Basic Financial Statements
June 30, 2013

Grants and Other Intergovernmental Revenues

In applying the measurable and available concepts to grants and intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts are considered "earned"; therefore, revenues are recognized based on expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the measurable and available criteria are met.

Interfund Transfers

During the course of normal operations, the City has numerous transactions between funds, including expenditures and transfers of resources to provide services and construct assets. The accompanying financial statements generally reflect such transactions as transfers. Operating subsidies are also recorded as transfers.

Budgetary Accounting

An operating budget is adopted each fiscal year for the General Fund and most Special Revenue Funds on the same modified accrual basis used to reflect actual revenues and expenditures. Appropriations for these funds lapse at year end to the extent that they have not been expended or encumbered. The Capital Project Funds adopt project-length budgets. Supplemental appropriations that amend the total expenditures of any department or fund require Council approval. The budgeted financial statements presented in this report reflect the final budget authorization, including amendments made during the year.

The City follows these procedures in establishing the budgetary data reflected in the basic financial statements:

- a. The Administrator must submit to the City Council by May 1 a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted by the City Council to provide an opportunity for public comment
- c. By June 15, by City Council action, the budget is legally enacted through passage of an ordinance. If the City Council fails to pass an ordinance, the budget submitted by the Administrator becomes the adopted budget.

In order to demonstrate budgetary compliance, accounting principles in the United States require that management provide certain budgetary comparison schedules for the General Fund and each major special revenue fund with an annually adopted budget. For fiscal year 2013, the City adopted a project length budget for the Geothermal Development Special Revenue Fund. Therefore the budgetary schedule has not been presented with the required supplementary information.

City of Akutan, Alaska

Notes to Basic Financial Statements

June 30, 2013

Change in Accounting Principle

The City adopted newly issued Governmental Accounting Standards Board (GASB) pronouncements 63 and 65, resulting in a change in presentation of the government-wide and fund level financial statements. The new pronouncements require reporting two new categories of accounts. Certain items previously reported as assets are now categorized as deferred outflows. A deferred outflow represents the consumption of the government's net position or fund balance that is applicable to a future reporting period. Other items previously categorized as liabilities are now categorized as deferred inflows. A deferred inflow represents the acquisition of net position or fund balance that is applicable to a future reporting period. For example revenues that have been earned but are not yet available in the governmental funds are now reported as deferred inflows. In the government-wide financial statements the residual net of all of the accounts is now called net position. The adoption of these statements has no effect on previously reported net position.

2. Cash and Investments

The City's cash and investment are comprised of the following at June 30, 2013.

Demand and money market accounts	\$ 2,250,592
Investments	2,595,879
	<hr/>
	\$ 4,846,471

Except for the Permanent Fund, all cash is maintained in a central treasury and is available for use by all funds. Each fund's portion of the central treasury is displayed on the balance sheet as "cash and investments" or in the case of "negative" cash, is included in "due to other funds" or "advances from other funds." The City's cash is held in the form of demand accounts including checking, savings, and money market accounts held by commercial banks and money market funds in investment accounts as follows:

Demand accounts	\$ 2,203,123
Money market funds	47,469
	<hr/>
	\$ 2,250,592

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. To limit credit risk, City policy requires that all deposits be insured or covered by collateralization agreements although one of the City's current banking arrangements does not include collateralization and was uninsured in the amount of \$1,803,048 at June 30, 2013.

City of Akutan, Alaska
Notes to Basic Financial Statements
June 30, 2013

Investment Policy

The City's investment policy authorizes investments in:

1. Treasury bonds, bills, notes or other general obligation evidences of indebtedness of the United States or an agency or instrumentality of the United States, or of the State of Alaska, or of other states of the United States, or of this City, of other cities of the State, and of boroughs of this State;
2. Fully insured or fully collateralized certificates of deposit, savings deposits, and other interest-bearing deposit accounts in member banks insured by the Federal Deposit Insurance Corporation (FDIC) or the Federal Savings and Loan Insurance Corporation (FSLIC);
3. Repurchase agreements where the general checking balance at the end of each business day is used to buy a security from the bank and held over night;
4. Investments through the Alaska Municipal League Investment Pool (AMLIP); and
5. Domestic, international, and real estate equities.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Investment maturities at June 30, 2013 are as follows:

<i>Investment Type</i>	Fair Value	Investment Maturities (in Years)		
		Less Than 1	1 - 5	More than 5
U.S. Government agencies	\$ 434,086	\$ -	\$ -	\$ 434,086
State and municipal bonds	119,204	-	-	119,204
Foreign bonds	334,111	177,237	156,874	-
Corporate bonds	1,160,693	100,547	888,455	171,691
Pooled investments	547,785	547,785	-	-
Total Investments	\$ 2,595,879	\$ 825,569	\$ 1,045,329	\$ 724,981

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City's investments in corporate bonds of \$1,160,693 were rated as follows by Standard and Poor's: \$76,297 is rated BBB+, \$301,195 is rated A-, \$481,930 is rated A, \$115,083 is rated A+, \$127,266 is rated AA-, and \$58,922 is rated AAA. The City's investments in U.S. government agencies and government bonds of \$553,290 were rated as follows by Standard and Poor's: \$119,204 is rated AA, and \$391,356 is rated AAA and \$42,730 is not rated. The City's investments in foreign bonds of \$334,111 were rated as follows by Standard and Poor's: \$100,990 is rated BBB, \$76,247 is rated A, \$79,136 is rated AA- and \$77,738 is rated AAA.

City of Akutan, Alaska

Notes to Basic Financial Statements

June 30, 2013

Pooled investments are invested with the Alaska Municipal League Investment Pool, Inc. (AMLIP). The AMLIP is an external investment pool which is rated AAAm for credit risk purposes. Alaska Statute 37.23 establishes regulatory oversight of the pool. The law sets forth numerous requirements regarding authorized investments and reporting. The share value of investments in the AMLIP is approximately equal to fair value.

3. Investment in Southwest Governments, LLC

The City has purchased a 40 percent ownership in Southwest Governments, LLC, an investment company formed to buy an office building in Anchorage, Alaska. The office building was purchased in May 2002 and is currently rented to outside parties, including the group that owns Southwest Governments, LLC. The City's investment in Southwest Governments, LLC, is recorded on the equity method. The City's balance in this investment at June 30, 2013, is \$559,809.

4. Capital Assets

Capital asset activity for the year ended June 30, 2013 was as follows:

<i>Governmental Activities</i>	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
<i>Capital assets not being depreciated:</i>				
Land and improvements	\$ 793,886	\$ -	\$ -	\$ 793,886
Construction in progress	258,817	1,865,397	-	2,124,214
Total capital assets not being depreciated	1,052,703	1,865,397	-	2,918,100
<i>Capital assets being depreciated:</i>				
Buildings and improvements	3,724,316	1,050,000	-	4,774,316
Equipment	479,741	435,128	-	914,869
Water and sewer lines	625,000	-	-	625,000
Infrastructure	6,471,378	-	-	6,471,378
Total capital assets being depreciated	11,300,435	1,485,128	-	12,785,563
<i>Less accumulated depreciation for:</i>				
Buildings and improvements	1,120,483	145,170	-	1,265,653
Equipment	242,813	63,206	-	306,019
Water and sewer lines	347,500	12,500	-	360,000
Infrastructure	1,974,302	164,908	-	2,139,210
Total accumulated depreciation	3,685,098	385,784	-	4,070,882
Total capital assets being depreciated, net	7,615,337	1,099,344	-	8,714,681
Governmental Activity Capital Assets, Net	\$ 8,668,040	\$ 2,964,741	\$ -	\$ 11,632,781

City of Akutan, Alaska
Notes to Basic Financial Statements
June 30, 2013

<i>Business-type Activities</i>	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
<i>Capital assets not being depreciated -</i>				
Construction in progress	\$ 182,361	\$ 366,066	\$ 435,444	\$ 112,983
<i>Capital assets being depreciated:</i>				
Buildings and improvements	249,868	-	-	249,868
Equipment	417,222	126,520	-	543,742
Service lines	1,358,732	308,924	-	1,667,656
Infrastructure	739,683	-	-	739,683
Total capital assets being depreciated	2,765,505	435,444	-	3,200,949
<i>Less accumulated depreciation for:</i>				
Buildings and improvements	101,581	12,492	-	114,073
Equipment	168,596	29,245	-	197,841
Service lines	405,624	47,433	-	453,057
Infrastructure	281,084	14,794	-	295,878
Total accumulated depreciation	956,885	103,964	-	1,060,849
Total capital assets being depreciated, net	1,808,620	331,480	-	2,140,100
Business-Type Activity Capital Assets, Net	\$ 1,990,981	\$ 697,546	\$ 435,444	\$ 2,253,083
Depreciation expense was charged to the functions as follows:				
<i>Governmental Activities</i>				
General government				\$ 38,717
Public safety				13,927
Community services				80,952
Public works				50,417
Water and sewer				9,518
Apartment building				2,064
Warehouse				79,824
Dock and skiff moorage				24,971
Airport				82,783
Cable				2,611
Total Governmental Activities				\$ 385,784
<i>Business-type Activities</i>				
Electric utility				\$ 103,964

City of Akutan, Alaska

Notes to Basic Financial Statements

June 30, 2013

5. Interfund Receivables, Payables and Transfers

A schedule of interfund balances and transfers as of and for the year ended June 30, 2013, follows:

Due To / From Other Funds:

Due to General Fund from:

Town Creek Capital Project Fund to cover advances for capital costs	\$ 9,568
Nonmajor funds to cover short term advances for operating costs	27,079

Total Due From Other Funds	\$ 36,647
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Advances To / From Other Funds:

Advance from General Fund to:

Electric Enterprise Fund to cover operating and capital costs	\$ 828,942
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Advance from Permanent Special Revenue Fund to:

Geothermal Development Special Revenue Fund to cover advances for project costs	321,289
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Total Advances from other funds	\$ 1,150,231
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Transfers

From General Fund to:

Electric Enterprise Fund to cover operating costs	\$ 208,436
Geothermal Development Special Revenue Fund to cover operating costs	34,325
Nonmajor funds to cover operating costs, unallowable grant costs and capital costs	281,349
Total transfers from General Fund	524,110

Transfers between non-major funds for capital costs	510,000
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From Permanent Special Revenue Fund to:

General Fund to purchase airport camp and equipment	1,400,000
Daycare Capital Project Fund for capital costs	160,011
Total transfers from Permanent Special Revenue Fund	1,560,011

Total Transfers to Other Funds	\$ 2,594,121
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City of Akutan, Alaska

Notes to Basic Financial Statements

June 30, 2013

6. Long-Term Debt

In January 2011, the City signed a loan agreement with Alaska Energy Authority to help with funding the geothermal project. The maximum amount of the loan is \$500,000. Because the loan is drawn down as funds are needed, repayment terms have not yet been established.

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2013:

	Balance July 1, 2012	Additions	Retired	Balance June 30, 2013	Due Within One Year
Governmental Activities:					
\$500,000 (maximum) note payable, payment terms are not yet established, interest at 4.89%	\$ 345,454	\$ -	\$ -	\$ 345,454	\$ -
Accrued leave (net of payouts)	11,795	75,285	11,795	75,285	75,285
Total Governmental Activities	\$ 357,249	\$ 75,285	\$ 11,795	\$ 420,739	\$ 75,285
Business-type Activities					
Accrued leave (net of payouts)	\$ 4,513	\$ 1,672	\$ 4,513	\$ 1,672	\$ 1,672

7. Fund Balances

Fund balances, reported in the City's individual major funds and nonmajor funds in the aggregate on the governmental funds balance sheet are subject to the following constraints:

	General	Permanent Special Revenue	Geothermal Development Special Revenue	Town Creek Capital Project	Non-major Funds	Totals
Nonspendable:						
Inventory	\$ -	\$ -	\$ -	\$ -	84,931	\$ 84,931
Prepaid items	549	-	-	-	-	549
Long-term receivable	82,564	-	-	-	-	82,564
Investment in Southwest Governments, LLC	472,543	-	-	-	-	472,543
Advances to other funds	828,942	321,289	-	-	-	1,150,231
Total nonspendable	1,384,598	321,289	-	-	84,931	1,790,818

City of Akutan, Alaska

Notes to Basic Financial Statements

June 30, 2013

	General	Permanent Special Revenue	Geothermal Development Special Revenue	Town Creek Capital Project	Non-major Funds	Totals
Assigned:						
Permanent Fund	\$ -	\$ 3,749,090	\$ -	\$ -	\$ -	\$ 3,749,090
Other capital projects	-	-	-	-	296,847	296,847
Fuel/gas	-	-	-	-	10,174	10,174
Dock/skiff moorage	-	-	-	-	361,732	361,732
Cable	-	-	-	-	84,492	84,492
Town Creek hydro	-	-	-	16,199	-	16,199
Daycare facilities	-	-	-	-	74,258	74,258
Water & sewer projects	-	-	-	-	172,166	172,166
Boat harbor projects	-	-	-	-	10,000	10,000
Total assigned	-	3,749,090	-	16,199	1,009,669	4,774,958
Unassigned (deficit)	410,596	-	(308,195)	-	-	102,401
Total Fund Balances	\$ 1,795,194	\$ 4,070,379	\$ (308,195)	\$ 16,199	\$ 1,094,600	\$ 6,668,177

8. Defined Benefit Pension Plan

The City participates in the Public Employees' Retirement System (PERS). PERS is a cost-sharing multiple employer plan which covers eligible State and local government employees, other than teachers. The Plan was established and is administered by the State of Alaska Department of Administration to provide pension, postemployment healthcare, death, and disability benefits. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature.

The Plan is included in a comprehensive annual financial report that includes financial statements and other required supplemental information. The report is available at the following address:

Department of Administration
Division of Retirement and Benefits
P.O. Box 110203
Juneau, Alaska 99811-0203

Conversion to Cost Sharing

In April 2008, the Alaska Legislature passed legislation which converted the existing Public Employees Retirement System (PERS) from an agent-multiple employer plan to a cost-sharing plan with an effective date of July 1, 2008. Under the cost-sharing arrangement, the State of Alaska Division of Retirement and Benefits no longer tracks individual employer assets and liabilities. Rather, all plan costs and past service liabilities are shared among all participating employers.

That same year, the State of Alaska passed additional legislation which statutorily capped the employer contribution, established a state funded "on-behalf" contribution, and required that employer contributions be calculated against all PERS eligible wages, including wages attributable to the defined contribution plan described later in these footnotes.

City of Akutan, Alaska

Notes to Basic Financial Statements

June 30, 2013

Employee Contribution Rates

Regular employees are required to contribute 6.75% of their annual covered salary (2.97% for pension and 3.78% for healthcare). Police and firefighters are required to contribute 7.5% of their annual covered salary (3.29% for pension and 4.21% for healthcare).

Employer and Other Contribution Rates

There are three contribution rates associated with the pension and healthcare contributions and related liabilities:

Contractual Rate: This is the required funding rate for participating employers. The contractual rate is statutorily capped at 22% of eligible wages, subject to a wage floor, and other termination events. This 22% rate includes all PERS participating wages, including those wages attributable to employees in the defined contribution plan.

ARM Board Adopted Rate: This is the rate formally adopted by the Alaska Retirement Management Board. This rate is actuarially determined to calculate annual funding requirements of the Plan, without regard to the statutory rate cap. There are no constraints or restrictions on the actuarial cost method or other assumptions used in this valuation, other than those established and agreed to by the ARM Board.

Current legislation provides that the State of Alaska will contribute the difference between the ARM Board adopted rate and the contractual (statutory) rate. These additional contributions are recognized by each employer as an on-behalf payment and are reflected as revenue and expense/expenditures within the financial statements.

GASB 43 Rate: This is the rate used to determine the long-term pension and healthcare liability for plan accounting purposes in accordance with generally accepted accounting principles as established by GASB. Certain actuarial methods and assumptions for this rate calculation are mandated by GASB. For FY13, the rate uses an 8.00% pension discount rate and a 6.88% healthcare discount rate. Additionally, the GASB 43 rate disregards all future Medicare Part D payments.

The GASB 43 rate differs significantly from the ARM Board adopted rate as a direct result of differences in the actuarial valuation methodology and assumptions.

Contribution rates for the year ended June 30, 2013 were determined as part of the June 30, 2010 actuarial valuation and are as follows:

	Contractual Rate	ARM Board Adopted Rate	GASB 43 Rate
Pension	9.67%	15.75%	24.95%
Postemployment healthcare	12.33%	20.09%	39.93%
Total Contribution Rate	22.00%	35.84%	64.88%

City of Akutan, Alaska

Notes to Basic Financial Statements

June 30, 2013

Annual Pension and Postemployment Healthcare Cost

The City is required to contribute 22% of covered payroll, subject to a wage floor. In addition, the State of Alaska contributed approximately 13.84% of covered payroll to the Plan. In accordance with the provisions of GASB Statement Number 24, the City has recorded the State on-behalf payment in the amount of \$84,230 as revenue and expense/expenditures in these financial statements. However, because the City is not statutorily obligated for these payments, this amount is excluded from pension and OPEB cost as described here.

<i>Year Ended June 30,</i>	<i>Annual Pension Cost</i>	<i>Annual OPEB Cost</i>	<i>Total Benefit Cost (TBC)</i>	<i>City Contributions</i>	<i>% of TBC Contributed</i>
2013	\$ 61,827	\$ 78,850	\$ 140,677	\$ 140,677	100%
2012	40,323	49,284	89,607	89,607	100%
2011	39,690	67,377	107,067	107,067	100%

9. Defined Contribution Pension Plan

Employees hired after July 1, 2006 participate in PERS Tier IV, a defined contribution plan. The Plan is administered by the State of Alaska, Department of Administration. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature. The Alaska Retirement Management Board may also amend contribution requirements. Included in the Plan are individual pension accounts, retiree medical insurance plan and a separate Health Reimbursement Arrangement account that will help retired members pay medical premiums and other eligible medical expenses not covered by the medical plan.

Employee Contribution Rates

Employees are required to contribute 8.0% of their annual covered salary. This amount goes directly to the individual's account.

Employer Contribution Rates

The City is required to contribute the following amounts based on covered salary:

<i>June 30, 2013</i>	<i>Other Tier IV</i>	<i>Police/Fire Tier IV</i>
Individual account	5.00%	5.00%
Retiree medical plan	0.48%	0.48%
Occupational death and disability benefits	0.14%	0.99%
	5.62%	6.47%

City of Akutan, Alaska

Notes to Basic Financial Statements

June 30, 2013

In addition, the employer must contribute to the Health Reimbursement Arrangement. AS 39.30.370 establishes this contribution amount as "three percent of the average annual employee compensation of *all employees of all employers* in the plan". As of July 1, 2012, for actual remittance, this amount is calculated as a flat rate for each full time or part-time employee per pay period and approximates \$1,848 per year for each full-time employee and \$1.18 per hour for each part-time employee.

Employees are immediately vested in their own contributions and vest 25% per year in employer contributions. The City and employee contributions to PERS including the HRA contribution for the year ended June 30, 2013 were \$28,106 and \$24,780, respectively.

10. Risk Management

The City faces a considerable number of risks of loss, including (a) damage to and loss of property and contents, (b) employee torts, (c) professional liability; i.e., errors and omissions, (d) environmental damage, (e) workers' compensation; i.e., employee injuries, and (f) medical insurance costs of employees. Commercial policies, transferring the risk of loss, except for relatively small deductible amounts, are purchased for employee medical costs. The City participates in the Alaska Municipal League Joint Insurance Association (AML/JIA) which provides insurance coverage for property and contents damage including damage from flood or earthquake, torts, general liability, public officials liability, and workers' compensation. The AML/JIA is a public entity risk pool organized to share risks among its members. The AML/JIA's bylaws provide for the assessment of supplemental contributions from members in the event that losses and expenses for any coverage year exceed the annual contributions and income earned on such contributions for the year. Such supplemental contributions shall be based on each member's annual deposit contribution in comparison to the aggregate annual deposit contributions of all members. The AML/JIA made no supplemental assessments during the year ended June 30, 2013. The City has no coverage for potential losses from environmental damages. Coverage limits and the deductibles on the policies have stayed relatively constant for the past few years.

11. Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by the grantor agencies, principally the federal and State governments. Any disallowed claims, including amounts already collected, would become a liability.

The City is involved in various claims and pending litigation as part of the normal course of its activities. In the opinion of management, the disposition of these matters is not expected to have a material adverse effect on the City's financial statements.

12. New Accounting Pronouncements

The Governmental Accounting Standards Board has passed several new accounting standards with upcoming implementation dates. Management has not fully evaluated the potential effects of these statements, but believes that that GASB Statement 68 will result in the biggest reporting change. Actual impacts have not yet been determined.

GASB 66 - Technical Corrections - Effective for year-end June 30, 2014 - This statement contains certain technical corrections to prior GASB statements on the topics of Risk Financing, Operating Leases, Loan Purchases, and Servicing Fees.

City of Akutan, Alaska

Notes to Basic Financial Statements

June 30, 2013

GASB 67 - Financial Reporting for Pension Plans - Effective for year-end June 30, 2014 - This statement changes the reporting and disclosure requirements for government Pension Plans. This statement modifies the Plan-side reporting.

GASB 68 - Accounting and Financial Reporting for Pensions - Effective for year-end June 30, 2015 - This statement changes the reporting and disclosure requirements for governments that participate in pension plans. This statement modifies the participating employer side reporting in connection with the Plan side reporting at GASB 67.

GASB 69 - Government Combinations and Disposals of Government Operations - Effective for year-end June 30, 2015 - This statement contains certain disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and effects of these transactions.

GASB 70 - Accounting and Financial Reporting for Nonexchange Financial Guarantees - Effective for year-end June 30, 2014 - This statement contains reporting requirements when a government financially guarantees the obligations of another government, non-profit, or private entity without receiving equal value in exchange.

Required Supplementary Information

City of Akutan, Alaska
General Fund
Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual

<i>Year Ended June 30,</i>	2013			2012
	Original and Final Budget	Actual	Variance	Actual
Revenues:				
Intergovernmental:				
State of Alaska	\$ 1,322,334	\$ 1,657,125	\$ 334,791	\$ 1,349,294
Federal	60,000	58,422	(1,578)	5,000
Local fish taxes	1,938,528	1,663,209	(275,319)	1,385,057
Investment income	223,465	80,941	(142,524)	41,517
Other revenues	355,038	371,596	16,558	296,842
Total revenues	3,899,365	3,831,293	(68,072)	3,077,710
Expenditures:				
General government	1,025,683	1,177,711	(152,028)	1,159,985
Public safety	92,081	74,414	17,667	78,272
Community services	75,215	59,954	15,261	61,762
Public works	527,090	336,249	190,841	891,333
Water and sewer	112,098	64,555	47,543	116,236
Garbage and recycling	26,315	42,620	(16,305)	70,454
Apartment building	27,150	28,292	(1,142)	9,541
Airport	1,395,740	1,193,564	202,176	92,384
Harbor	374,980	194,893	180,087	-
Debt service	45,000	-	45,000	532,687
Capital outlay	52,000	1,390,614	(1,338,614)	-
Total expenditures	3,753,352	4,562,866	(809,514)	3,012,654
Excess of revenues over (under) expenditures	146,013	(731,573)	(877,586)	65,056
Other financing sources (uses):				
Transfers in	-	1,400,000	1,400,000	394,176
Transfers out	(1,189,800)	(524,110)	665,690	(1,008,235)
Net other financing sources (uses)	(1,189,800)	875,890	2,065,690	(614,059)
Net change in fund balance	\$ (1,043,787)	144,317	\$ 1,188,104	(549,003)
Beginning fund balance		1,650,877		2,199,880
Ending fund balance		\$ 1,795,194		\$ 1,650,877

City of Akutan, Alaska
Permanent Special Revenue Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
(With Comparative Amounts for 2012)

<i>Year Ended June 30,</i>	2013			2012
	Original and Final Budget	Actual	Variance	Actual
Revenues - investment income	\$ -	\$ 12,404	\$ 12,404	\$ 182,291
Expenditures - investment fees	-	7,458	(7,458)	6,838
Excess of revenues over expenditures	-	4,946	4,946	175,453
Other financing uses - transfers out	(160,011)	(1,560,011)	(1,400,000)	(394,176)
Net change in fund balance	<u>\$ (160,011)</u>	<u>(1,555,065)</u>	<u>\$(1,395,054)</u>	<u>(218,723)</u>
Beginning fund balance		<u>5,625,444</u>		<u>5,844,167</u>
Ending fund balance		<u>\$ 4,070,379</u>		<u>\$ 5,625,444</u>

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Supplementary Information

City of Akutan, Alaska
Nonmajor Governmental Funds
Combining Balance Sheet

	Special Revenue Funds			Capital Project Funds					Totals
	Fuel / Gas	Dock/ Skiff Moorage	Cable	Loud Creek Hydro Feasibility	Water and Sewer	Boat Harbor	Other Capital Projects	Daycare Facilities	
<i>June 30, 2013</i>									
Assets									
Cash and investments	\$ -	\$ 379,662	\$ 82,010	\$ 1,830	\$ 172,166	\$ 10,000	\$ 296,847	\$ 77,984	\$ 1,020,499
Accounts receivable	45,331	7,549	2,835	-	-	-	-	-	55,715
Grants receivable	-	-	-	12,593	-	-	-	-	12,593
Allowance for doubtful accounts	(6,500)	-	-	-	-	-	-	-	(6,500)
Fuel inventory	84,931	-	-	-	-	-	-	-	84,931
Total Assets	\$ 123,762	\$ 387,211	\$ 84,845	\$ 14,423	\$ 172,166	\$ 10,000	\$ 296,847	\$ 77,984	\$ 1,167,238
Liabilities and Fund Balances									
Liabilities:									
Accounts payable	\$ 1,319	\$ 25,149	\$ 71	\$ 14,423	\$ -	\$ -	\$ -	\$ 2,957	\$ 43,919
Accrued payroll and benefits	259	330	282	-	-	-	-	769	1,640
Due to other funds	27,079	-	-	-	-	-	-	-	27,079
Total liabilities	28,657	25,479	353	14,423	-	-	-	3,726	72,638
Fund balances:									
Nonspendable	84,931	-	-	-	-	-	-	-	84,931
Assigned:									
Fuel/gas	10,174	-	-	-	-	-	-	-	10,174
Dock/skiff moorage	-	361,732	-	-	-	-	-	-	361,732
Cable	-	-	84,492	-	-	-	-	-	84,492
Water and sewer capital projects	-	-	-	-	172,166	-	-	-	172,166
Boat harbor capital projects	-	-	-	-	-	10,000	-	-	10,000
Capital projects	-	-	-	-	-	-	296,847	-	296,847
Daycare construction capital projects	-	-	-	-	-	-	-	74,258	74,258
Total fund balances	95,105	361,732	84,492	-	172,166	10,000	296,847	74,258	1,094,600
Total Liabilities and Fund Balances	\$ 123,762	\$ 387,211	\$ 84,845	\$ 14,423	\$ 172,166	\$ 10,000	\$ 296,847	\$ 77,984	\$ 1,167,238

City of Akutan, Alaska
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances

	Special Revenue Funds			Capital Project Funds					Totals
	Fuel / Gas	Dock/ Skiff Moorage	Cable	Loud Creek Hydro Feasibility	Water and Sewer	Boat Harbor	Other Capital Projects	Daycare Facilities	
<i>Year Ended June 30, 2013</i>									
Revenues:									
Charges for services	\$ 359,336	\$ 3,785	\$ 18,539	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 381,660
State of Alaska	-	-	-	42,168	-	-	-	-	42,168
Investment income	-	-	-	17	-	-	81	46	144
Total revenues	359,336	3,785	18,539	42,185	-	-	81	46	423,972
Expenditures:									
Salaries and benefits	64,453	23,788	5,297	-	-	-	-	145,362	238,900
Contractual services	-	108,417	-	48,551	-	-	-	2,496	159,464
Outside services	-	-	-	-	-	-	-	266,229	266,229
Parts and supplies	3,563	3,678	459	-	-	-	-	260,097	267,797
Travel and per diem	-	1,312	-	10,337	-	-	-	29,271	40,920
Insurance	3,780	8,422	-	-	-	-	-	-	12,202
Utilities	578	816	-	-	-	-	-	-	1,394
Subscriptions	-	-	15,116	-	-	-	-	-	15,116
Fuel	378,995	1,126	-	-	-	-	-	5,048	385,169
Postage and freight	3,492	-	-	-	-	-	-	45,296	48,788
Equipment	1,002	-	-	-	-	-	-	1,905	2,907
Repairs and maintenance	100	888	-	-	-	-	-	-	988
Dues and fees	-	-	-	39	-	-	-	84	123
Miscellaneous	552	2,000	-	-	-	-	-	1,996	4,548
Total expenditures	456,515	150,447	20,872	58,927	-	-	-	757,784	1,444,545
Excess of revenues over (under) expenditures	(97,179)	(146,662)	(2,333)	(16,742)	-	-	81	(757,738)	(1,020,573)
Other financing sources (uses):									
Transfers in	27,885	146,662	2,333	16,742	-	-	-	757,738	951,360
Transfers out	-	-	-	-	-	-	(510,000)	-	(510,000)
Net other financing sources (uses)	27,885	146,662	2,333	16,742	-	-	(510,000)	757,738	441,360
Net change in fund balances	(69,294)	-	-	-	-	-	(509,919)	-	(579,213)
Beginning fund balances	164,399	361,732	84,492	-	172,166	10,000	806,766	74,258	1,673,813
Ending fund balances	\$ 95,105	\$ 361,732	\$ 84,492	\$ -	\$ 172,166	\$ 10,000	\$ 296,847	\$ 74,258	\$1,094,600

City of Akutan, Alaska

General Fund
Balance Sheet

<i>June 30,</i>	2013	2012
Assets		
Cash and investments	\$ 76,882	\$ 108,812
Receivables:		
Akutan Traditional Council	82,564	82,564
Fish taxes	341,836	264,413
Grants	58,422	-
Airport	48,441	-
Other	30,766	16,758
Prepaid items	549	-
Investment in Southwest Governments, LLC	559,809	603,401
Due from other funds	36,647	272,478
Advance to other funds	828,942	565,172
Total Assets	\$ 2,064,858	\$ 1,913,598
Liabilities, Deferred Inflows, and Fund Balance		
Liabilities:		
Accounts payable	\$ 169,587	\$ 112,421
Accrued payroll and benefits	7,311	13,942
Unearned revenue - prepaid rent	5,500	5,500
Total liabilities	182,398	131,863
Deferred inflows of resources -		
Southwest Governments, LLC	87,266	130,858
Total liabilities and deferred inflows of resources	269,664	262,721
Fund balance:		
Nonspendable:		
Prepaid items	549	-
Noncurrent accounts receivable	82,564	82,564
Investment in Southwest Governments, LLC	472,543	472,543
Advance to other funds	828,942	565,172
Unassigned	410,596	530,598
Total fund balance	1,795,194	1,650,877
Total Liabilities and Fund Balance	\$ 2,064,858	\$ 1,913,598

City of Akutan, Alaska
General Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

<i>Year Ended June 30,</i>	2013			2012
	Budget	Actual	Variance	Actual
Revenues:				
Intergovernmental:				
State of Alaska:				
Fisheries business tax	\$ 870,000	\$ 1,186,396	\$ 316,396	\$ 853,570
Fisheries landing tax	245,000	178,611	(66,389)	244,134
State shared revenue	207,334	207,888	554	196,076
PERS relief	-	84,230	84,230	55,514
Total State of Alaska	1,322,334	1,657,125	334,791	1,349,294
Federal:				
Denali Commission grant	60,000	58,422	(1,578)	-
Energy grant	-	-	-	5,000
Total Federal	60,000	58,422	(1,578)	5,000
Local fish taxes	1,938,528	1,663,209	(275,319)	1,385,057
Investment income	223,465	80,941	(142,524)	41,517
Other revenues:				
Apartment rental	27,400	11,294	(16,106)	12,950
Warehouse rental	1,500	1,797	297	3,019
Vehicle rental	1,000	-	(1,000)	420
Airport - lodging	30,000	40,200	10,200	-
Airport - meals	10,000	12,685	2,685	-
IHS clinic lease	16,893	17,796	903	19,194
Land leases	15,911	15,911	-	15,911
APICDA community support	125,484	125,484	-	125,000
Aleutians East Borough grant	115,000	115,000	-	-
ABSN grant	-	8,248	8,248	-
Miscellaneous	11,850	23,181	11,331	120,348
Total other revenues	355,038	371,596	16,558	296,842
Total revenues	3,899,365	3,831,293	(68,072)	3,077,710
Expenditures:				
General government:				
Council:				
Salaries and benefits	150,578	198,254	(47,676)	171,169
Travel and per diem	11,000	12,070	(1,070)	24,747
Parts and supplies	1,300	-	1,300	137
Dues and fees	1,000	1,975	(975)	830
Total council	163,878	212,299	(48,421)	196,883

City of Akutan, Alaska

General Fund

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual, continued

Year Ended June 30,	2013			2012
	Budget	Actual	Variance	Actual
Expenditures, continued:				
General government, continued:				
Planning and zoning:				
Salaries and benefits	\$ 10,845	\$ 11,057	\$ (212)	\$ 17,514
Contractual services	-	42,380	(42,380)	31,500
Travel and per diem	5,000	-	5,000	-
Parts and supplies	1,200	626	574	571
Dues and fees	1,500	-	1,500	604
Miscellaneous	500	-	500	2,130
Legal	2,000	10,015	(8,015)	3,497
Total planning and zoning	21,045	64,078	(43,033)	55,816
Administration:				
Salaries and benefits	505,650	551,290	(45,640)	576,156
Contractual services	130,500	142,917	(12,417)	96,081
Outside services	11,800	6,825	4,975	17,854
Travel and per diem	36,000	13,854	22,146	23,273
Parts and supplies	10,000	27,552	(17,552)	21,365
Rent	22,010	24,839	(2,829)	36,094
Insurance	28,000	28,000	-	28,000
Telephone	18,000	33,112	(15,112)	20,576
Electricity	2,000	2,013	(13)	4,380
Dues and fees	5,200	9,434	(4,234)	5,041
Postage	1,000	771	229	509
Freight	2,000	208	1,792	1,755
Equipment	4,000	1,797	2,203	11,325
Bank fees	600	3,245	(2,645)	4,003
Contributions	10,000	2,000	8,000	5,000
Lobbying	40,000	40,000	-	45,219
Fuel	4,000	4,251	(251)	4,083
Miscellaneous	10,000	9,226	774	6,572
Total administration	840,760	901,334	(60,574)	907,286
Total general government	1,025,683	1,177,711	(152,028)	1,159,985
Public safety - police and fire:				
Salaries and benefits	62,961	68,047	(5,086)	70,467
Parts and supplies	1,000	13	987	34
Insurance	2,920	2,921	(1)	2,920
Telephone	1,000	1,058	(58)	1,543

City of Akutan, Alaska
General Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual, continued

Year Ended June 30,	2013			2012
	Budget	Actual	Variance	Actual
Expenditures, continued:				
Public safety - police and fire, continued:				
Electricity	\$ 1,200	\$ 522	\$ 678	\$ 2,541
Equipment	20,000	-	20,000	-
Fuel	2,900	1,853	1,047	767
Miscellaneous	100	-	100	-
Total public safety - police and fire	92,081	74,414	17,667	78,272
Community services:				
Recreation:				
Salaries and benefits	3,796	794	3,002	5,818
Postage	-	-	-	106
Parts and supplies	4,000	-	4,000	11,207
Insurance	1,200	1,200	-	1,200
Fuel	200	-	200	-
Total recreation	9,196	1,994	7,202	18,331
Clinic and health:				
Contractual services	16,049	18,069	(2,020)	-
Parts and supplies	-	-	-	4
Electricity	-	87	(87)	-
Fuel	-	790	(790)	-
Total clinic and health	16,049	18,946	(2,897)	4
Library:				
Salaries and benefits	36,850	30,146	6,704	30,610
Parts and supplies	1,000	121	879	330
Books and subscriptions	200	-	200	-
Insurance	2,500	2,500	-	2,500
Telephone	1,500	836	664	931
Electricity	400	364	36	643
Fuel	7,000	5,047	1,953	8,413
Dues and fees	120	-	120	-
Miscellaneous	400	-	400	-
Total library	49,970	39,014	10,956	43,427
Total community services	75,215	59,954	15,261	61,762

City of Akutan, Alaska
General Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual, continued

Year Ended June 30,	2013			2012
	Budget	Actual	Variance	Actual
Expenditures, continued:				
Public works:				
Salaries and benefits	\$ 97,490	\$ 135,611	\$ (38,121)	\$ 192,925
Contractual services	300,000	109,320	190,680	643,911
Travel and per diem	-	13,499	(13,499)	-
Building materials	-	-	-	2,025
Parts and supplies	4,000	16,236	(12,236)	30,718
Insurance	7,500	7,500	-	8,114
Postage	100	472	(372)	2,544
Freight	3,000	2,473	527	2,969
Electricity	700	89	611	402
Fuel	1,800	1,161	639	496
Equipment	100,000	49,675	50,325	1,897
Dues and fees	2,000	-	2,000	2,580
Contributions	10,000	-	10,000	-
Miscellaneous	500	213	287	2,752
Total public works	527,090	336,249	190,841	891,333
Water and sewer:				
Salaries and benefits	69,348	38,776	30,572	77,533
Contractual services	-	-	-	10,398
Outside services	8,000	8,821	(821)	-
Travel and per diem	5,000	-	5,000	5,642
Parts and supplies	15,000	9,086	5,914	11,335
Insurance	2,850	2,850	-	2,976
Telephone	400	156	244	220
Postage	-	139	(139)	-
Electricity	2,000	2,675	(675)	2,567
Fuel	3,000	1,853	1,147	3,175
Equipment	5,000	-	5,000	-
Dues and fees	1,500	199	1,301	1,915
Miscellaneous	-	-	-	475
Total water and sewer	112,098	64,555	47,543	116,236

City of Akutan, Alaska
General Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual, continued

<i>Year Ended June 30,</i>	2013			2012
	Budget	Actual	Variance	Actual
Expenditures, continued:				
Garbage and recycling:				
Salaries and benefits	\$ 10,835	\$ 33,954	\$ (23,119)	\$ 8,636
Outside services	-	3,354	(3,354)	-
Parts and supplies	1,000	2,030	(1,030)	18,302
Insurance	2,280	2,280	-	2,280
Contractual services	-	-	-	4,788
Postage	-	-	-	7,496
Equipment	12,000	1,002	10,998	24,477
Travel and per diem	-	-	-	2,699
Fuel	200	-	200	1,776
Total garbage and recycling	26,315	42,620	(16,305)	70,454
Apartment building:				
Salaries and benefits	16,250	12,171	4,079	-
Parts and supplies	2,000	7,371	(5,371)	4,131
Electricity	-	-	-	400
Insurance	3,400	3,400	-	3,400
Fuel	4,000	1,670	2,330	1,610
Equipment	1,500	3,680	(2,180)	-
Total apartment building	27,150	28,292	(1,142)	9,541
Airport:				
Salaries and benefits	520,280	238,173	282,107	-
Contractual services	195,000	201,068	(6,068)	20,200
Outside services	218,574	173,931	44,643	-
Legal	-	2,368	(2,368)	-
Lobbying	100,000	100,053	(53)	70,975
Travel and per diem	29,256	39,967	(10,711)	-
Parts and supplies	62,170	48,280	13,890	1,209
Building materials	40,000	36,167	3,833	-
Small tools	5,000	-	5,000	-
Freight	10,000	77,581	(67,581)	-
Rent	-	47,733	(47,733)	-
Insurance	5,700	5,635	65	-
Utilities	23,560	26,292	(2,732)	-
Fuel	170,000	179,554	(9,554)	-

City of Akutan, Alaska
General Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual, continued

Year Ended June 30,	2013			2012
	Budget	Actual	Variance	Actual
Expenditures, continued:				
Airport, continued:				
Repairs and maintenance	\$ 15,500	\$ 15,185	\$ 315	\$ -
Dues and fees	500	1,372	(872)	-
Miscellaneous	200	205	(5)	-
Capital outlay	52,000	1,390,614	(1,338,614)	-
Total airport	1,447,740	2,584,178	(1,136,438)	92,384
Harbor:				
Salaries and benefits	20,280	-	20,280	-
Contractual services	108,000	50,130	57,870	-
Travel and per diem	3,000	3,593	(593)	-
Parts and supplies	25,000	20	24,980	-
Building materials	141,000	141,000	-	-
Small tools	19,000	-	19,000	-
Utilities	1,200	-	1,200	-
Equipment	57,000	-	57,000	-
Repairs and maintenance	500	-	500	-
Dues and fees	-	150	(150)	-
Total harbor	374,980	194,893	180,087	-
Debt service:				
Principal	-	-	-	516,986
Interest	45,000	-	45,000	15,701
Total debt service	45,000	-	45,000	532,687
Total expenditures	3,753,352	4,562,866	(809,514)	3,012,654
Excess of revenues over (under) expenditures	146,013	(731,573)	(877,586)	65,056
Other financing sources (uses):				
Transfers in - Permanent Special Revenue Fund	-	1,400,000	1,400,000	394,176
Transfers out:				
Special revenue funds:				
Permanent Special Revenue Fund	(50,000)	-	50,000	-
Dock/Skiff Moorage	(402,740)	(146,662)	256,078	(179,740)
Cable	(3,310)	(2,333)	977	(20,000)
Fuel/Gas	(27,885)	(27,885)	-	(27,885)
Loud Creek Hydro	(16,742)	(16,742)	-	-
Geothermal Development	(78,356)	(34,325)	44,031	(355,000)

City of Akutan, Alaska
General Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual, continued

<i>Year Ended June 30,</i>	2013			2012
	Budget	Actual	Variance	Actual
Other financing uses - transfers from (to), continued:				
Capital project funds:				
Town Creek Hydro Design	\$ (223,893)	\$ -	\$ 223,893	\$ (50,000)
Day Care	(111,264)	(87,727)	23,537	(100,000)
Electric Enterprise Fund	(275,610)	(208,436)	67,174	(275,610)
Net other financing sources (uses)	(1,189,800)	875,890	2,065,690	(614,059)
Net change in fund balances	<u>\$ (1,043,787)</u>	144,317	<u>\$ 1,188,104</u>	(549,003)
Beginning fund balance		<u>1,650,877</u>		<u>2,199,880</u>
Ending fund balance		<u>\$ 1,795,194</u>		<u>\$ 1,650,877</u>

City of Akutan, Alaska
Fuel/Gas Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual

<i>Year Ended June 30,</i>	2013			2012
	Budget	Actual	Variance	Actual
Revenues:				
Fuel sales	\$ 86,500	\$ 144,069	\$ 57,569	\$ 118,379
City fuel use	209,000	215,267	6,267	219,214
Total revenues	295,500	359,336	63,836	337,593
Expenditures:				
Salaries and benefits	76,208	64,453	11,755	79,723
Parts and supplies	1,000	3,563	(2,563)	52
Equipment	12,000	1,002	10,998	-
Insurance	3,780	3,780	-	3,780
Utilities	400	578	(178)	1,141
Fuel	312,697	378,995	(66,298)	282,169
Postage	2,000	3,492	(1,492)	2,432
Miscellaneous	600	552	48	41
Repair and maintenance	2,000	100	1,900	-
Total expenditures	410,685	456,515	(45,830)	369,338
Excess of revenues over (under) expenditures	(115,185)	(97,179)	18,006	(31,745)
Other financing sources - transfers in	27,885	27,885	-	27,885
Net change in fund balance	<u>\$ (87,300)</u>	<u>(69,294)</u>	<u>\$ 18,006</u>	<u>(3,860)</u>
Beginning fund balance		<u>164,399</u>		<u>168,259</u>
Ending fund balance		<u>\$ 95,105</u>		<u>\$ 164,399</u>

City of Akutan, Alaska
Dock/Skiff Moorage Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual

<i>Year Ended June 30,</i>	2013			2012
	Budget	Actual	Variance	Actual
Revenues:				
Skiff moorage	\$ 2,000	\$ 3,785	\$ 1,785	\$ 4,316
Dock moorage charges	3,769	-	(3,769)	96
Total revenues	5,769	3,785	(1,984)	4,412
Expenditures:				
Skiff moorage:				
Salaries and benefits	1,632	8,943	(7,311)	10,582
Insurance	245	692	(447)	245
Miscellaneous	-	800	(800)	-
Total skiff moorage	1,877	10,435	(8,558)	10,827
Dock and warehouse:				
Salaries and benefits	8,673	14,845	(6,172)	9,001
Contractual services	402,740	108,417	294,323	9,306
Parts and supplies	1,500	3,678	(2,178)	3,660
Travel and per diem	-	1,312	(1,312)	-
Insurance	7,730	7,730	-	7,730
Miscellaneous	200	1,200	(1,000)	44
Fuel	-	1,126	(1,126)	-
Repairs and maintenance	-	888	(888)	-
Utilities	1,600	816	784	1,935
Total dock and warehouse	422,443	140,012	282,431	31,676
Total expenditures	424,320	150,447	273,873	42,503
Excess of revenues over (under) expenditures	(418,551)	(146,662)	271,889	(38,091)
Other financing sources - transfers in	402,740	146,662	(256,078)	179,740
Net change in fund balance	\$ (15,811)	-	\$ 15,811	141,649
Beginning fund balance		361,732		220,083
Ending fund balance		\$ 361,732		\$ 361,732

City of Akutan, Alaska
Cable Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual

<i>Year Ended June 30,</i>	2013			2012
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
Revenues - charges for services	\$ 17,050	\$ 18,539	\$ 1,489	\$ 18,359
Expenditures:				
Salaries and benefits	6,610	5,297	1,313	7,213
Parts and supplies	1,000	459	541	1,077
Subscriptions	8,900	15,116	(6,216)	10,567
Total expenditures	16,510	20,872	(4,362)	18,857
Excess of revenues over (under) expenditures	540	(2,333)	(2,873)	(498)
Other financing sources - transfers in	3,310	2,333	(977)	20,000
Net change in fund balance	<u>\$ 3,850</u>	-	<u>\$ (3,850)</u>	19,502
Beginning fund balance		<u>84,492</u>		<u>64,990</u>
Ending fund balance		<u>\$ 84,492</u>		<u>\$ 84,492</u>

City of Akutan, Alaska
Geothermal Development Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Deficit - Budget and Actual

<i>Year Ended June 30, 2013</i>	Budget	Actual		Total	Variance
		Prior Years	Current Year		
Revenues:					
State of Alaska	\$ 2,695,000	\$ 113,973	\$ 511,125	\$ 625,098	\$ (2,069,902)
Investment income	-	-	64	64	64
Total revenues	2,695,000	113,973	511,189	625,162	(2,069,838)
Expenditures - public works:					
Salaries and benefits	35,000	-	-	-	35,000
Travel and per diem	110,000	11,784	48,134	59,918	50,082
Equipment	55,000	-	1,040	1,040	53,960
Materials and supplies	52,000	880	6,579	7,459	44,541
Contractual services	2,798,000	197,122	466,548	663,670	2,134,330
Other	-	-	67,243	67,243	(67,243)
Total expenditures	3,050,000	209,786	589,544	799,330	2,250,670
Excess of revenues over (under) expenditures	(355,000)	(95,813)	(78,355)	(174,168)	180,832
Other financing sources transfers in	355,000	355,000	34,325	389,325	34,325
Net change in fund balances	\$ -	\$ 259,187	\$ (44,030)	\$ 215,157	\$ 215,157
Beginning fund balance			(264,165)		
Ending fund balance			\$ (308,195)		

City of Akutan, Alaska
Loud Creek Hydro Feasibility Capital Project Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual

<i>Year Ended June 30, 2013</i>	Budget	Actual		Total	Variance
		Prior Years	Current Year		
Revenues:					
State of Alaska	\$237,772	\$ 164,129	\$ 42,168	\$ 206,297	\$ (31,475)
Investment income	-	-	17	17	17
Total revenues	237,772	164,129	42,185	206,314	(31,458)
Expenditures - public works:					
Travel and per diem	10,337	-	10,337	10,337	-
Contractual services	244,138	164,129	48,551	212,680	31,458
Dues and fees	39	-	39	39	-
Total expenditures	254,514	164,129	58,927	223,056	31,458
Excess of revenues over (under) expenditures	(16,742)	-	(16,742)	(16,742)	-
Other financing sources - transfers in	16,742	-	16,742	16,742	-
Net change in fund balance	\$ -	\$ -	-	\$ -	\$ -
Beginning fund balance			-		
Ending fund balance			\$ -		

City of Akutan, Alaska
Water and Sewer Capital Project Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance- Budget and Actual
(With Comparative Amounts for 2012)

<i>Year Ended June 30,</i>	2013			2012
	Budget	Actual	Variance	Actual
Revenues - other revenues	\$ -	\$ -	\$ -	\$ -
Expenditures - capital outlay	-	-	-	-
Net change in fund balances	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	-
Beginning fund balance		<u>172,166</u>		<u>172,166</u>
Ending fund balance		<u>\$ 172,166</u>		<u>\$ 172,166</u>

City of Akutan, Alaska
Boat Harbor Construction Capital Project Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual

<i>Year Ended June 30,</i>	2013			2012
	Budget	Actual	Variance	Actual
Other financing sources - transfers in	\$ -	\$ -	\$ -	\$ -
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	-
Beginning fund balance		<u>10,000</u>		<u>10,000</u>
Ending fund balance		<u>\$ 10,000</u>		<u>\$ 10,000</u>

City of Akutan, Alaska
Other Capital Projects Capital Project Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual

<i>Year Ended June 30,</i>	2013			2012
	Budget	Actual	Variance	Actual
Revenues - investment income	\$ -	\$ 81	\$ 81	\$ 115
Expenditures - capital outlay	-	-	-	-
Excess of revenues over expenditures	-	81	81	115
Other financing uses - transfers out	(510,000)	(510,000)	-	-
Net change in fund balance	<u>\$(510,000)</u>	<u>(509,919)</u>	<u>\$ 81</u>	115
Beginning fund balance		<u>806,766</u>		<u>806,651</u>
Ending fund balance		<u>\$ 296,847</u>		<u>\$ 806,766</u>

City of Akutan, Alaska
Daycare Facilities Capital Project Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual

<i>Year Ended June 30,</i>	2013			2012
	Budget	Actual	Variance	Actual
Revenues:				
AEB grant	\$ -	\$ -	\$ -	\$ 150,000
Investment income	-	46	46	4
Total other revenues	-	46	46	150,004
Expenditures - capital outlay:				
Salaries and benefits	159,549	145,362	14,187	-
Contractual services	5,000	2,496	2,504	175,746
Parts and supplies	260,097	260,097	-	-
Travel and per diem	29,271	29,271	-	-
Equipment	111,264	1,905	109,359	-
Postage and freight	45,296	45,296	-	-
Fuel	2,000	5,048	(3,048)	-
Outside services	266,229	266,229	-	-
Miscellaneous	2,200	1,996	204	-
Dues and fees	100	84	16	-
Total expenditures	881,006	757,784	123,222	175,746
Excess of revenues over (under) expenditures	(881,006)	(757,738)	123,268	(25,742)
Other financing sources - transfers in	781,275	757,738	(23,537)	100,000
Net change in fund balance	<u>\$ (99,731)</u>	-	<u>\$ 99,731</u>	74,258
Beginning fund balance		74,258		-
Ending fund balance		<u>\$ 74,258</u>		<u>\$ 74,258</u>

City of Akutan, Alaska
Town Creek Capital Project Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual

Year Ended June 30, 2013	Original and Final Budget	Actual			
		Prior Years	Current Year	Total	Variance
Revenues:					
State of Alaska	\$ 1,391,000	\$ 83,071	\$ 997,677	\$ 1,080,748	\$ (310,252)
Investment income	-	-	207	207	207
Total revenues	1,391,000	83,071	997,884	1,080,955	(310,045)
Expenditures - capital outlay:					
Salaries and benefits	15,000	-	1,383	1,383	13,617
Travel and per diem	37,000	-	55,705	55,705	(18,705)
Equipment	100,000	-	76,368	76,368	23,632
Materials and supplies	11,000	1,113	4,508	5,621	5,379
Contractual services	259,000	81,958	103,780	185,738	73,262
Construction services	753,000	-	807,807	807,807	(54,807)
Other	23,000	-	58,062	58,062	(35,062)
Unallocated	293,000	-	-	-	293,000
Total expenditures	1,491,000	83,071	1,107,613	1,190,684	300,316
Excess of revenues under expenditures	(100,000)	-	(109,729)	(109,729)	(9,729)
Other financing sources - transfers in	100,000	125,928	-	125,928	25,928
Net change in fund balance	\$ -	\$125,928	(109,729)	\$ 16,199	\$ 16,199
Beginning fund balance			125,928		
Ending fund balance			\$ 16,199		

City of Akutan, Alaska
Electric Enterprise Fund
Statement of Net Position

<i>June 30,</i>	2013	2012
Assets		
Current assets:		
Accounts receivable	\$ 13,177	\$ 62,311
Fuel inventory	14,203	15,813
Total current assets	27,380	78,124
Property, plant and equipment:		
Buildings and improvements	249,868	249,868
Distribution system	1,667,656	1,358,732
Hydro plant	739,683	739,683
Generators and other equipment	543,742	417,222
Construction in progress	112,983	182,361
Total property, plant and equipment	3,313,932	2,947,866
Less accumulated depreciation	(1,060,849)	(956,885)
Net property, plant and equipment	2,253,083	1,990,981
Total Assets	\$ 2,280,463	\$ 2,069,105
Liabilities and Net Position		
Current liabilities:		
Accounts payable	\$ 9,188	\$ 50,749
Accrued leave	1,672	4,513
Total current liabilities	10,860	55,262
Noncurrent liabilities - advance from other funds	828,942	565,172
Total liabilities	839,802	620,434
Net position:		
Invested in capital assets	2,253,083	1,990,981
Deficit	(812,422)	(542,310)
Total net position	1,440,661	1,448,671
Total Liabilities and Net Position	\$ 2,280,463	\$ 2,069,105

City of Akutan, Alaska
Electric Enterprise Fund
Schedule of Revenues, Expenses and
Changes in Net Position - Budget and Actual

Year Ended June 30,	2013			2012
	Budget	Actual	Variance	Actual
Operating revenues:				
Charges for services	\$ 119,700	\$ 130,382	\$ 10,682	\$ 127,277
City electric usage	-	7,273	7,273	13,395
Total operating revenues	119,700	137,655	17,955	140,672
Operating expenses:				
Salaries and benefits	131,701	146,117	(14,416)	112,505
Outside services	10,000	23,344	(13,344)	15,627
Parts and supplies	10,000	20,802	(10,802)	5,102
Filters	1,200	1,092	108	780
Insurance	8,580	8,580	-	8,796
Electric	-	126	(126)	-
Telephone	610	186	424	204
Fuel	150,000	192,042	(42,042)	300,544
Equipment	-	7,763	(7,763)	-
Repair and maintenance	5,000	12,851	(7,851)	474
Dues and fees	1,500	-	1,500	471
Depreciation	68,469	103,964	(35,495)	95,677
Miscellaneous	9,600	1,400	8,200	-
Total operating expenses	396,660	518,267	(121,607)	540,180
Loss before contributions and transfers	(276,960)	(380,612)	(103,652)	(399,508)
Capital contributions	-	164,166	164,166	121,436
Transfers in	276,360	208,436	(67,924)	275,610
Change in net position	\$ (600)	(8,010)	\$ (7,410)	(2,462)
Beginning net position		1,448,671		1,451,133
Ending net position		\$ 1,440,661		\$ 1,448,671

City of Akutan, Alaska

Electric Enterprise Fund

Statements of Cash Flows

<i>Year Ended June 30,</i>	2013	2012
Cash Flows from Operating Activities		
Receipts from customers and users	\$ 186,789	\$ 88,978
Payments to suppliers	(308,137)	(287,395)
Payments to employees	(148,958)	(116,855)
Net cash flows from operating activities	(270,306)	(315,272)
Cash Flows from Noncapital Financing Activities		
Transfers in	208,436	275,610
Increase in advances from other funds	263,770	100,587
Net cash flows from noncapital financing activities	472,206	376,197
Cash Flows from Capital and Related Financing Activities		
Purchase of capital assets	(366,066)	(182,361)
Capital contributions	164,166	121,436
Net cash flows from capital and related financing activities	(201,900)	(60,925)
Net increase in cash and investments	-	-
Beginning cash and investments	-	-
Ending cash and investments	\$ -	\$ -
Reconciliation of loss from operations to net cash provided (used) by operating activities:		
Loss from operations	\$ (380,612)	\$ (399,508)
Adjustments to reconcile loss from operations to net cash flows from operating activities:		
Depreciation	103,964	95,677
(Increase) decrease in assets:		
Accounts receivable	49,134	(51,694)
Fuel inventory	1,610	(1,449)
Increase (decrease) in liabilities:		
Accounts payable	(41,561)	46,052
Accrued leave	(2,841)	(4,350)
Net Cash Flows from Operating Activities	\$ (270,306)	\$ (315,272)

City of Akutan, Alaska
Schedule of State Financial Assistance
Year Ended June 30, 2013

State Grant Title	Grant Number	Total Grant Award	State Share of Expend- itures
Department of Commerce, Community and Economic Development			
*Revenue Sharing	2013	\$ 207,888	\$ 207,888
Alaska Energy Authority			
*Akutan Geothermal Development Project	7040050	2,695,000	511,125
*Akutan Hydroelectric System Repair and Upgrade	703003	1,391,000	997,677
Loud Creek Hydro Feasibility Analysis/Conceptual Design	2195472	237,772	42,168
Total Alaska Energy Authority			<u>1,550,970</u>
Department of Revenue			
*Fisheries Business Tax	2013	1,186,396	1,186,396
*Fisheries Landing Tax	2013	178,611	178,611
Total Department of Revenue			<u>1,365,007</u>
Department of Administration			
*PERS Relief	2013	84,230	84,230
Total State Financial Assistance			<u>\$ 3,208,095</u>

* Major Program

Note 1: Basis of Presentation

The accompanying schedule of state financial assistance includes the State of Alaska grant activity for City of Akutan and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Therefore, some amounts presented in this schedule may differ from the amounts presented in, or used in preparation of, the basic financial statements.

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Single Audit Reports



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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Honorable Mayor and City Council
City of Akutan, Alaska

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Akutan as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise City of Akutan's basic financial statements and have issued our report thereon dated March 27, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Akutan's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Akutan's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Akutan's internal control over financial reporting.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2013-001 through 2013-005 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item 2013-006 and 2013-007 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Akutan's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Response to Findings

The City's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, LLP

Anchorage, Alaska
March 27, 2014



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Independent Auditor's Report on Compliance for Each Major State Program and Report on Internal Control Over Compliance as Required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*

Honorable Mayor and City Council
City of Akutan, Alaska

Report on Compliance for Each Major State Program

We have audited City of Akutan's compliance with the types of compliance requirements described in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* that could have a direct and material effect on each of City of Akutan's major state programs for the year ended June 30, 2013. City of Akutan's major state programs are identified in the accompanying Schedule of State Financial Assistance.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City of Akutan's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Those standards and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about City of Akutan's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of City of Akutan's compliance.

Opinion on Each Major State Program

In our opinion, City of Akutan complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2013.

Other Matters

The result of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* and which is described in the accompanying schedule of findings and questioned costs as item 2013-008. Our opinion on each major state program is not modified with respect to this matter.

The City's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of City of Akutan is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Akutan's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program, and to test and report on internal control over compliance in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Akutan's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2013-008, that we consider to be a material weakness.

The City's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Accordingly, this report is not suitable for any other purpose.

BDO USA, LLP

Anchorage, Alaska
March 27, 2014

City of Akutan, Alaska

Schedule of Findings and Questioned Costs Year Ended June 30, 2013

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u>X</u> yes	<u> </u> no
Significant deficiency(ies) identified ?	<u>X</u> yes	<u> </u> (none reported)

Noncompliance material to financial statements noted? yes X no

State Financial Assistance

Internal control over major programs:

Material weakness(es) identified?	<u>X</u> yes	<u> </u> no
Significant deficiency(ies) identified?	<u> </u> yes	<u>X</u> (none reported)

Type of auditor's report issued on compliance for major programs: Unmodified

Dollar threshold used to distinguish between a major program: \$ 75,000

Section II - Financial Statement Findings Required to be Reported in Accordance with Government Auditing Standards

Finding 2013-001 Internal Control - Cash Disbursements Material Weakness

Criteria Government Auditing Standards state that: "management of the audited entity is responsible for establishing and maintaining effective internal control to help ensure that appropriate goals and objectives are met; using resources efficiently, economically, effectively, and equitably, and safeguarding resources; following laws and regulations; and ensuring that management and financial information is reliable and properly recorded."

Condition The City is not consistently following its policy of reviewing invoices and assigning coding prior to payment, printing check stock sequentially, and reviewing support prior to signing checks.

Context During our tests of controls over cash disbursements we noted 11 of 18 expenditures did not have the approved and/or correct coding written on the invoice. We also discovered 3 check runs that were printed on non-sequential check stock, and a blank check which had been signed by two check signers.

Effect Although the correct coding was eventually identified by the City, this created numerous inefficiencies throughout the year and exposed the City to potential noncompliance with granting requirements, misappropriation, and misstatement. Printing checks out of sequence and signing blank checks significantly increases the City's susceptibility to fraud and error.

City of Akutan, Alaska

Schedule of Findings and Questioned Costs

Year Ended June 30, 2013

Finding 2013-001 Internal Control - Cash Disbursements, continued

Cause Although the City has policies in place to review invoices and assign coding, and print checks in sequence, knowledgeable employees are not always available to perform these tasks. Check signers do not always review support prior to signing checks.

Recommendation We recommend that the City educate more of their employees so that the functions of reviewing invoices and assigning coding, and printing checks can be carried out correctly and in a timely manner by knowledgeable employees. We also recommend that the City require check signers to review support and ensure a check is written to the appropriate payee for the appropriate amount, prior to signing.

Views of responsible officials and planned corrective actions

See the corrective action plan.

Finding 2013-002 Segregation of Duties - Cash Material Weakness

Criteria Segregation of duties and review of cash transactions are essential controls to prevent misstatement of financial information and help to achieve objectives of internal controls.

Condition The City does not have sufficient segregation of duties in place over cash transactions.

Context During the course of the audit it was noted that the one employee collects payments from customers and manually records them in accounts receivable subsidiary ledgers. This employee also records the associated cash receipt, and has the ability to print and sign checks.

Effect Employees who have both custodial and record keeping responsibilities for the same asset creates a significant internal control weakness and provides the opportunity for fraud, misappropriation of assets, and inaccurate postings to the general ledger.

Cause Physical collection and disbursement of cash and the recording these transactions in the general ledger is not properly segregated among employees.

Recommendation We recommend that cash receipt and bank reconciliations be prepared and/or reviewed by a responsible official other than the preparer.

City of Akutan, Alaska

Schedule of Findings and Questioned Costs Year Ended June 30, 2013

Finding 2013-002 Segregation of Duties - Cash, continued

*Views of responsible
officials and planned
corrective actions*

See the corrective action plan.

**Finding 2013-003 Posting and Review of Journal Entries
Material weakness**

Criteria Insufficient internal controls over journal entries may fail to prevent or detect a misstatement in the financial statements.

Condition While obtaining an understanding of internal controls over journal entries it was noted that the City does not have a formalized segregation of duties policy, or a documented review and approval process with respect to journal entries.

Context We were unable to test controls over journal entries because we found them to be inconsistently applied.

Effect Employees who have both custodial and record keeping responsibilities for the same asset creates a significant internal control weakness and provides the opportunity for fraud, misappropriation of assets, and inaccurate postings to the general ledger.

Cause The City does not have procedures in place to provide a consistent review of journal entries posted to the accounting system.

Recommendation We recommend that at the end of each month, all journal entries posted that month be printed out from the system and reviewed and approved by a management individual or contract accountant. The journal entries, along with the approval (signature or initials) should be filed and retained. Supporting documentation for each journal entry should also be attached to provide the reason and/or explanation for the journal entry.

*Views of responsible
officials and planned
corrective actions*

See the corrective action plan.

**Finding 2013-004 Physical Count and Reconciliation of Fuel Inventory
Material weakness**

Criteria Regular and timely inventory reconciliations provide accurate balances for fuel inventory as well as allow for better tracking of fuel usage. The process of reconciling the inventory counts to the inventory recorded in the general ledger is essential to maintain sufficient control over inventory management.

Condition The City does not perform routine physical counts of fuel inventory.

City of Akutan, Alaska

Schedule of Findings and Questioned Costs

Year Ended June 30, 2013

Finding 2013-004 Physical Count and Reconciliation of Fuel Inventory, continued

Context During our audit it was noted that fuel inventory counts were not routinely performed and that when they were performed, amounts were not reconciled to the general ledger.

Effect This deficiency in internal control has the potential for allowing abuse including fraud and other defalcation to exist and not be detected.

Cause The City does not have a policy of performing periodic physical inventory counts and reconciliations.

Recommendation The City should establish policies and procedures to include monthly physical inventory counts that are reconciled to the amount recorded in the general ledger.

Views of responsible officials and planned corrective actions See the corrective action plan.

**Finding 2013-005 Airport Billings
Material weakness**

Criteria Airport revenue should be recognized at the time services are provided.

Condition There are currently no internal controls in place over the recognition of revenue or customer billings for lodging or meals at the Airport.

Context The City's revenues from lodging and meals totaled \$52,886 for the year ended June 30, 2013, which was also the first year of the Airport's operations.

Effect Customer billings records are not consistently maintained.

Cause Systems are not in place to properly record transactions for Airport lodging and meals

Recommendation We recommend that all lodging and meals provided to customers be tracked by the Airport Clerk and timely submitted to the City for invoicing and recording to the general ledger.

Views of responsible officials and planned corrective actions See the corrective action plan.

City of Akutan, Alaska

Schedule of Findings and Questioned Costs Year Ended June 30, 2013

Finding 2013-006	Existence and Maintenance of Personnel Files Significant deficiency
<i>Criteria</i>	Adequate internal controls over payroll transactions are required for accurate financial reporting and compliance with federal and state laws and regulations regarding employment.
<i>Condition</i>	The City does not have complete personnel files for all employees. Complete personnel files should contain a personnel action form or other documentation of the authorized pay rate and job coding that is authorized by a supervisor.
<i>Context</i>	Personnel files with complete information do not exist for all employees.
<i>Effect</i>	This is a serious weakness in the system of controls and has the potential for allowing abuse including fraud and other defalcation to exist and not be detected.
<i>Cause</i>	The City only maintains personnel files for full-time employees, many of which do not contain complete information.
<i>Recommendation</i>	Complete and current personnel files should be established and maintained for each employee.
<i>Views of responsible officials and planned corrective actions</i>	See the corrective action plan.
Finding 2013-007	Electric Enterprise Fund Revenue Significant deficiency
<i>Criteria</i>	Revenue for the Electric Enterprise Fund should be recognized at the time the services are provided.
<i>Condition</i>	Electric Enterprise fund customers purchase prepaid electricity cards. Balances on these cards are typically very small and are reloaded frequently.
<i>Context</i>	The City records electric revenue at the time the cards are sold rather than when the electricity is used.
<i>Effect</i>	Revenues could be overstated or understated in any given year depending on the unused balance on customer prepaid cards.
<i>Cause</i>	The City does not accrue for unused balances on prepaid electricity cards.
<i>Recommendation</i>	We recommend that the City obtain monthly usage reports and defer unused balances to the subsequent period on an annual basis, at a minimum.

City of Akutan, Alaska

Schedule of Findings and Questioned Costs Year Ended June 30, 2013

Finding 2013-007 Electric Enterprise Fund Revenue, continued

*Views of responsible
officials and planned
corrective actions*

See the corrective action plan.

Section III - State Award Findings and Questioned Costs

Finding 2013-008 Reporting Other matters, Material weakness

Agency	Alaska Energy Authority
Program	Akutan Hydroelectric System Repair and Upgrade
Award No.	7030003
	Award Year FY 13

Agency	Alaska Energy Authority
Program	Akutan Geothermal Development Project
Award No.	7040050
	Award Year FY 13

Criteria The *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* describes general and specific compliance requirements, which if not met, could have a material effect on the auditee's combined financial statements and/or state programs. Among those requirements, the compliance supplement applicable to each major program states that programs should submit reports on a timely basis, as specified in the grant agreement.

Condition Several reports were submitted late.

Questioned costs: None noted

Context During the audit, we identified 5 of the 11 submitted reports as being late for Award No. 7030003 and 4 of the 4 submitted reports as being late for Award No. 7040050.

Effect The City is noncompliant with the reporting requirements.

Cause Late submittals were primarily due to the external project managers not submitting invoices to the City on a timely basis.

Recommendation We recommend that the City implement a system of tracking report submittal due dates and a process for obtaining required information from the external project managers to facilitate timely submittals.

*Views of responsible
officials and planned
corrective actions*

See the corrective action plan.

City of Akutan, Alaska
Schedule of Prior Audit Findings
Year Ended June 30, 2013

State Award Findings and Questioned Costs
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There was no prior year single audit, therefore there were no prior year audit findings.

City of Akutan, Alaska

Corrective Action Plan Year Ended June 30, 2013

Name of Contact Person:

Bobby Jo Kramer, Finance Director, City of Akutan
Box 109
Phone: (907) 698-2228
Email: akutanfinance@gci.net

Financial Statement Findings

Finding 2013-001 Internal Control - Cash Disbursements

***Planned Corrective
Actions***

The new Finance Manager was hired as of January 3, 2014, and has begun implementing standard office practices and procedures which are commonly utilized to maintain advanced authorization and correct coding parameters. An internal system for Purchase Requests is being developed and will be in place beginning April 30, 2014 that will require expenditures be documented and appropriate backup documents be kept in individual vendor files. The Finance Manager will be travelling to Akutan to insure compliance with the new system with the City Clerk, Utility Clerk and the Akutan Airport Clerk. The former finance manager implemented standards for check handling and printing in sequence. Check signers no longer sign blank checks as of July 1, 2014.

***Anticipated
Completion Date***

2014 Q4

Finding 2013-002 Segregation of Duties - Cash

***Planned Corrective
Actions***

In FY2013, the bulk of the bank reconciliations to the general ledger were completed in the Anchorage office by the contract accounting assistant on a yearly basis. In the future, the bank and cash drawer reconciliations will be done monthly and will be performed by the Finance Manager and reviewed by the City Administrator who are not directly involved with cash handling.

***Anticipated
Completion Date***

May 1, 2014

Finding 2013-003 Posting and Review of Journal Entries

***Planned Corrective
Actions***

The new Financial Manager has begun working with the Accounting Assistant to implement accounting procedures that include a formal process of opening and closing the general ledger each month in order to review journal entries, make corrections, review and approve entries with accompanying approval initials. The General Journal Entry Binder will be kept in the Finance Manager office and utilizes a format that provide the reason and/or explanation for the journal entry. Grant deadlines and requirements are calendared in order to make sure the City does not miss deadlines.

City of Akutan, Alaska

Corrective Action Plan Year Ended June 30, 2013

Finding 2013-003 **Posting and Review of Journal Entries, continued**

*Anticipated
Completion Date* May 1, 2014

Finding 2013-004 **Physical Count and Reconciliation of Fuel Inventory**

*Planned Corrective
Actions* In FY2013, the City took its first steps toward the integration of four separate accounting systems. The last portion of this is expected to be completed in FY2014, which will allow staff to see, for the first time all entries regarding fuel purchases, sales, and interdepartmental usage in one place. City personnel have been tasked with taking monthly inventory counts, and with performing monthly reconciliations to the general ledger. With a new found understanding for the importance of this task, and an easier way to see all the general ledger activity in one place, management does not anticipate that this will be an ongoing issue.

*Anticipated
Completion Date* November 30, 2013

Finding 2013-005 **Airport Billings**

*Planned Corrective
Actions* A system to track airport revenue will be developed by the new Finance Manager which will include tracking of expenses and income. Customer billing procedures will be spelled out and the Finance Manager will train the City Clerk and the Akun Airport Clerk in proper Enterprise accounting management. The Airport Enterprise earnings will be tracked and reconciled against the general ledger.

*Anticipated
Completion Date* June 30, 2014

Finding 2013-006 **Existence and Maintenance of Personnel Files**

*Planned Corrective
Actions* The former finance manager implemented procedures and practices for personnel files in the development and maintenance of personnel files for each employee of the City of Akutan by the City Clerk who is the main person responsible for file upkeep. The new Finance Manager will review the procedures and practices and refine them as needed to ensure proper and complete maintenance of the personnel files for all employees of the City.

*Anticipated
Completion Date* September 30, 2013

City of Akutan, Alaska

Corrective Action Plan Year Ended June 30, 2013

Finding 2013-007 **Electric Enterprise Fund Revenue**

*Planned Corrective
Actions*

In order to address this issue, the City has changed its monthly meter reading policy to include the recording of the credit remaining on each customer's account as the customer's meter is read, and to reconcile the general ledger to the total of the balances. (The AMPY system which loads the credits on the cards does not currently have the ability to produce a report that shows the customers' balances as of a specific point in time, however, the meter at the customer's location does indicate the credit remaining.)

Anticipated

Completion Date

December 31, 2013

State Award Findings

Finding 2013-008 **Reporting**

*Planned Corrective
Actions*

The new Finance Manager is in the process of revamping the grant financial reporting process for the City of Akutan, including: A) Having the Assistant Administrator work with external project managers to expedite financial and program reporting; and B) Scheduling the Accounting Assistant to prepare financial reports and reimbursement requests prior to the grant due dates.

Anticipated

Completion Date

May 1, 2014



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3601 C Street, Suite 600
Anchorage, AK 99503

March 27, 2014

City Council
City of Akutan

Professional standards require us to communicate with you regarding matters related to the audit, that are, in our professional judgment, significant and relevant to your responsibilities in overseeing the financial reporting process. Our audit engagement letter dated August 5, 2013 outlined our plan for the audit of the financial statements of the City of Akutan (the City) as of and for the year ended June 30, 2013. That document included a summary of our overall objectives for the audit, and the nature, scope, and timing of the planned audit work.

This communication is intended to elaborate on the significant findings from our audit, including our views on the qualitative aspects of the City's accounting practices and policies, management's judgments and estimates, financial statement disclosures, and other required matters.

We are pleased to be of service to the City. Feel free to contact us to discuss matters that may be of interest to you and to answer any questions you might have.

Respectfully,

BDO USA, LLP

Status of Our Audit

We have completed our audit of the financial statements as of and for the year ended June 30, 2013. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America. This audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

- The objective of our audit was to obtain reasonable - not absolute - assurance about whether the financial statements are free from material misstatements.
- The scope of the work performed was substantially the same as that described in our audit engagement letter.
- We have issued an unmodified opinion on the financial statements and released our report on March 27, 2014.
- All records and information requested by BDO were freely available for our inspection.
- Management's cooperation was excellent. We received full access to all information that we requested while performing our audit, and we acknowledge the full cooperation extended to us by all levels of City personnel throughout the course of our work.

Independence Communication

Our engagement letter to you dated August 5, 2013 describes our responsibilities in accordance with professional standards and certain regulatory authorities with regard to independence and the performance of our services. This letter also stipulates the responsibilities of the City with respect to independence as agreed to by the City. Please refer to that letter for further information.

Results of Our Audit

ACCOUNTING PRACTICES, POLICIES, ESTIMATES, AND SIGNIFICANT UNUSUAL TRANSACTIONS

The following summarizes the more significant required communications related to our audit concerning the City's accounting practices, policies, estimates, and significant unusual transactions:

The City's significant accounting practices and policies are those included in Note 1 to the financial statements. These accounting practices and policies are appropriate, comply with generally accepted accounting principles and industry practice, were consistently applied, and are adequately described within Note 1 to the financial statements.

- The City adopted the following new GASB pronouncements in 2013:
 - GASB Statement 63, *Financial Reporting of Deferred outflows of Resources, Deferred Inflows of Resources, and Net Position* - This statement required a reformatting of the Statement of Net Assets to the Statement of Net Position, established new reporting categories: deferred outflows and deferred inflows, and provides for the reporting of net position, rather than net assets.
 - GASB Statement 65, *Items Previously Reported as Assets and Liabilities* - This statement is a companion to GASB Statement 63 and clarified which items should be reported as deferred outflows and deferred inflows.
- There were no other changes in significant accounting policies and practices during 2013.

Significant estimates are those that require management's most difficult, subjective, or complex judgments, often as a result of the need to make estimates about the effects of matters that are inherently uncertain. The City's significant accounting estimates, including a description of management's processes and significant assumptions used in development of the estimates, are disclosed below:

Significant accounting estimates include:

Estimated Useful Life of Capital Assets (Depreciation) - The City maintains numerous capital assets including machinery, equipment, buildings and infrastructure. Assets are categorized by type and assigned estimate useful lives that vary from 5 years to 50 years, depending on asset type.

- We did not identify any significant or unusual transactions, or any transactions for which there was a lack of authoritative guidance.

Results of Our Audit

CORRECTED AND UNCORRECTED MISSTATEMENTS

There were 18 adjusting entries recorded to the trial balance presented to us to begin the audit. This includes both auditor proposed and management adjustments. Among others, adjustments were made to the following accounts: Accrued leave, Transfers, Utilities and Fuel, Capital Assets and CWIP, Depreciation, Airport revenues, Accounts payable, Lease revenues.

Adjusting journal entries are included in the management representation letter attached to this report.

Management elected not to correct one identified misstatement related to accounts Lease liability to the Akutan Corporation. This uncorrected misstatement results in an overstatement of equity and understatement of expense in the amount of \$31,822. To our knowledge, there are no other uncorrected misstatements.

OTHER COMMUNICATIONS

The following items represent required audit communications:

1. Qualitative aspects of significant accounting policies and practices
 - We concur with the City's interpretation and application of generally accepted accounting principles and practices derived from the standards set by the Governmental Accounting Standards Board (GASB).
2. Our conclusions regarding significant accounting estimates
 - The nature of the City's operations reduces the need for numerous significant estimates within the accounting records. See previous comment about estimates above. We believe the City's estimates are reasonable in the circumstances.
3. Financial statement disclosures
 - To our knowledge all necessary disclosures have been included in the footnotes to the financial statements.
4. New accounting pronouncements
 - As noted on the previous page, in 2013 the City adopted GASB Statement 63 and GASB Statement 65. We concur with the City's decision to adopt this statement.
5. Alternative accounting treatments
 - We did not identify any accounting treatments that did not comply with generally accepted accounting principles and standards set by GASB.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

We are required to communicate, in writing, to those charged with governance all material weaknesses and significant deficiencies that have been identified in the City's internal controls over financial reporting. The definitions of control deficiency, significant deficiency and material weakness follow:

Category	Definition
Deficiency in Internal Control	A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.
Significant Deficiency	A deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.
Material Weakness	A deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.

In conjunction with our audit of the financial statements, we reported 8 material weaknesses and significant deficiencies. Our reports on internal control are included in the single audit section of the bound audit document and are not repeated in detail, herein. The general topics of these findings were as follows:

- Inconsistent application of City policy for cash disbursements
- Segregation of duties - particularly cash controls
- Review and posting of journal entries
- Fuel inventory controls
- Airport billing controls
- Personnel and payroll support
- Electric fund revenue
- Grant reporting - Alaska Energy Authority Grant

Other Required Communications

Following is a summary of those required items, along with specific discussion points as they pertain to the City:

Requirement	Discussion Points
Significant changes to planned audit strategy or significant risks initially identified	There were several adjustments to the planned audit strategy, in response to the identification of audit journal entries and control findings. Primarily, these adjustments consisted of expanded testwork and/or closer review and working with management to identify the corrections.
Obtain information from those charged with governance relevant to the audit	There were no matters noted relevant to the audit, including, but not limited to: violations or possible violations of laws or regulations; risk of material misstatements, including fraud risks; or tips or complaints regarding the City's financial reporting that we were made aware of as a result of our inquiry of those charged with governance.
If applicable, nature and extent of specialized skills or knowledge needed related to significant risks	There were no specialized skills or knowledge needed, outside of the core engagement team, to perform the planned audit procedures or evaluate audit results related to significant risks.
Consultations with other accountants	We are not aware of any consultations about accounting or auditing matters between management and other independent public accountants. Nor are we aware of opinions obtained by management from other independent public accountants on the application of generally accepted accounting principles.
If applicable, departure from auditor's standard report	<p>Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements.</p> <p>While our report discloses the omission of the required information, our opinions on the basic financial statements remain unmodified.</p>
Disagreements with management	There were no disagreements with management about matters, whether or not satisfactorily resolved, that individually or in aggregate could be significant to the City's financial statements or to our auditor's report.
Significant difficulties encountered during the audit	There were no significant difficulties encountered in working with management during the audit. However, audit completion was delayed due to extra time required to research and resolve identified errors in the trial balance, and additional time required to write up the identified findings.
Representations requested from management	Please refer to the attached management representation letter.

Exhibits

- Representation Letter is attached.



March 27, 2014

BDO USA, LLP
3601 C Street, Suite 600
Anchorage, AK 99503

Ladies and gentlemen:

We are providing this letter in connection with your audits of the financial statements of City of Akutan, which comprise the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information as of June 30, 2013 and for the year then ended for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, and changes in financial position of City of Akutan in conformity with accounting principles generally accepted in the United States of America. We confirm that we are responsible for the preparation and fair presentation in the financial statements of financial position, changes in net position, and cash flows in conformity with accounting principles generally accepted in the United States of America.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of the date of this representation letter, the following representations made to you during your audit:

- (1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated August 5, 2013, for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America. We have included all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- (2) We have fulfilled our responsibility, as set out in the terms of the aforementioned audit engagement letter, for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- (3) The financial statements include all assets and liabilities under the entity's control.

- (4) We have made available to you all:
- (a) Financial records, and related data and all audit or relevant monitoring reports, if any, received from funding sources, as agreed upon in the terms of the aforementioned audit engagement letter.
 - (b) Minutes of the meetings of directors and committees of directors that were held from July 1, 2012 to the date of this letter, or summaries of actions of recent meetings for which minutes have not yet been prepared.
- (5) There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices.
- (6) There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements or schedule of expenditures of federal awards or schedule of state financial assistance. All financial statement misstatements relating to accounts and disclosures identified and discussed with us in the course of the audit (as listed in attachment A - "Schedule of Audit Adjustments") have been corrected, (except for those listed below under "uncorrected misstatements." In our opinion, the effects of not correcting such identified financial statement misstatements are, both individually and in the aggregate, immaterial to the financial statements. We have evaluated the propriety of the corrected misstatements based on a review of both the applicable authoritative literature and the underlying supporting evidence from our files and confirm our responsibility for the decision to correct them. We have evaluated the propriety of the corrected misstatements based on a review of both the applicable authoritative literature and the underlying supporting evidence from our files and confirm our responsibility for the decision to correct them.

Uncorrected misstatement:	Lease expense	\$31,822	
	Lease payable	\$31,822	
	Fund balance overstatement		\$31,822

- (7) In regards to the nonattest services: assistance drafting the financial statements, services performed by you, we have: (1) assumed all management responsibilities, (2) designated an individual (within senior management) with suitable skill, knowledge, or experience to oversee the services, (3) evaluated the adequacy and results of the services performed, and (4) accepted responsibility for the results of the services.
- (8) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud. We have no knowledge of any:
- (a) Fraud or suspected fraud involving management or involving employees who have significant roles in internal control, whether or not perceived to have a material effect on the financial statements.
 - (b) Fraud or suspected fraud involving others where the fraud could have a material effect on the financial statements.

- (c) Allegations of fraud or suspected fraud affecting the Organization received in communications from employees, former employees, regulatory agencies, law firms, predecessor accounting firms, or other professionals, (except as follows:)
- (9) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives, and whether related recommendations have been implemented.
- (10) We have no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or net asset balances.
- (11) The following, where applicable and material, have been properly recorded or disclosed in the financial statements:
 - (a) The identity of related parties and all related party relationships and transactions of which we are aware, including revenues, expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.
 - (b) Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements.
 - (c) Guarantees, whether written or oral, under which the City is contingently liable.
 - (d) Significant estimates and material concentrations known to management that are required to be disclosed. In that regard, all accounting estimates that could be material to the financial statements, including key factors and significant assumptions underlying those estimates, have been identified, and we believe the estimates are reasonable in the circumstances.
 - (e) The effects of all known actual or possible litigation, claims, assessments, and other liabilities or gain or loss contingencies that are required to be accrued or disclosed.
 - (f) Commitments, such as:
 - Major fixed asset purchase agreements;
 - More-than-one-year employment arrangements or contracts with suppliers or customers, or one-year-or-longer term leases;
 - Deferred compensation, bonuses, pensions plans, or severance pay; or
 - Pending sale or merger of all or a portion of the business or of an interest therein or acquisition of all or a portion of the business, assets or securities of another entity;
 - (g) For environmental clean-up obligations.

- (h) For closure and post-closure care costs associated with operation of the City of Akutan municipal solid waste landfill.
 - (i) Participation in a public entity risk pool.
- (12) There are no:
- (a) Violations or possible violations of budget ordinances, laws, and regulations (including those pertaining to adopting, approving, and amending budgets), and provisions of contracts and grant agreements (including the failure to file reports required by regulatory bodies (e.g., EPA, OCC, FDIC, DOL, Medicare, U.S. Customs Service, HIPAA, IRS, Dept. of Commerce, state and municipal authorities) when the effects of failing to file could be material to the financial statements) whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
 - (b) Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed.
 - (c) Components of net position (net investment in capital assets; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.
- (13) Receivables recorded in the financial statements represent valid claims against debtors for sales or other charges arising on or before the statement of financial position date and have been appropriately reduced to their estimated net realizable value.
- (14) The City of Akutan has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- (15) We have complied with all aspects of contractual agreements, including debt covenants, that would have a material effect on the financial statements in the event of noncompliance.
- (16) No discussions have taken place with your firm's personnel regarding employment with the City of Akutan.
- (17) We are responsible for compliance with laws, regulations and provisions of contracts and grant agreements applicable to us and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts.
- (18) We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
- (19) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.

- (20) The financial statements properly classify all funds and activities.
- (21) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and resented as such and all other funds that are presented as major are particularly important to financial statement users.
- (22) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- (23) Revenues are appropriately classified in the statement of activities within program revenues, general revenues.
- (24) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- (25) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- (26) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- (27) We have appropriately disclosed the City of Akutan's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for the purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- (28) With respect to state award programs:
 - (a) We are responsible for understanding and complying with, and have complied with, the requirements of *the* State of Alaska Audit Guide and Compliance Supplement for State Single Audits including requirements relating to the preparation of the Schedule of State Financial Assistance (SSFA).
 - (b) We have identified and disclosed to you all of our government programs and related activities subject to the State of Alaska Audit Guide and Compliance Supplement for State Single Audits, and included in the SSFA expenditures made during the audit period for all awards provided by state agencies in the form of grants, state cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
 - (c) We acknowledge our responsibility for presenting the schedule of state financial assistance in accordance with the requirements of the State of Alaska Audit Guide and Compliance Supplement for State Single Audits, and we believe the SSFA, including its form and content, is fairly presented in accordance with the State of Alaska Audit Guide and Compliance Supplement for State Single Audits. The methods of measurement and presentation of the SSFA have not changed from those used in the prior period, and we have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the SSFA.

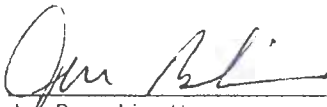
- (d) We are responsible for understanding and complying with, and have complied with in all material respects, the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our state programs and have identified and disclosed to you the requirements of laws, regulations and the provisions of contracts and grant agreements considered to have a direct and material effect on each state program.
- (e) We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance requirements applicable to federal and state programs that provides a reasonable assurance that we are managing our state awards in compliance with laws, regulations and the provisions of contracts and grant agreements that could have a material effect on our state programs. We believe the internal control system is adequate and is functioning as intended. Also, subsequent to the date as of which compliance was audited, no changes have occurred in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies (including material weaknesses) in internal control over compliance as reported in the schedule of findings and questioned costs.
- (f) We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with federal and state agencies or pass-through entities relating to each major state program.
- (g) We have received no requests from a state agency to audit one or more specific programs as a major program.
- (h) We have complied, in all material respects, with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the State of Alaska Audit Guide and Compliance Supplement for State Single Audits relating to state awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the direct and material requirements of state awards, including the results of other audits or program reviews.
- (i) We have disclosed to you any communications from grantors and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- (j) We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal and external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- (k) Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB Circular A-187, *Cost Principles for State, Local, and Tribal Governments*, and OMB's *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*.

- (l) We have disclosed to you our interpretations of compliance requirements that have varying interpretations, if any.
 - (m) We have made available to you all documentation related to compliance with the direct and material requirements, including information related to state program financial reports and claims for advances and reimbursements.
 - (n) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
 - (o) There are no known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
 - (p) State program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared, and are prepared on a basis consistent with the schedule of state financial assistance.
 - (q) The copies of state program financial reports provided you are true copies of the reports submitted or electronically transmitted, to the respective state agency or pass-through entity, as applicable.
 - (r) We have charged costs to state awards in accordance with applicable cost principles.
 - (s) We are responsible for, and have accurately prepared, the summary schedule of prior audit findings required to be included by the State of Alaska Audit Guide and Compliance Supplement for State Single Audits, and we have provided you with all information on the status of the follow-up on prior audit findings by state awarding agencies and pass-through entities, including all management decisions.
- (29) We acknowledge our responsibility for the presentation of the individual and combining funds statements and schedules (the supplementary information) in accordance with generally accepted accounting principles, and we believe the supplementary information including its form and content, is fairly presented. The methods of measurement and presentation have not changed from those used in the prior period and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
- (30) In connection with any electronic presentation of the financial statements and your audit report thereon on our web site, we acknowledge that:
- We are responsible for the preparation, presentation, and content of the financial statements in the electronic format.
 - If your audit report is presented on our web site, the full financial statements upon which you reported and to which you appended your signed report will be presented.

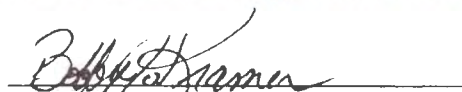
- We will clearly indicate in the electronic presentation on our web site the financial information that is subject to your audit report. We will clearly differentiate any information that may also be presented by us on or in connection with our web site that was contained in the published version of the financial statements and other supplementary information, but which is not part of the audited financial statements or other financial information covered by your audit report.
- We have assessed the security over financial statement information and the audit report presented on our web site, and are satisfied that procedures in place are adequate to ensure the integrity of the information provided. We understand the risk of potential misrepresentation inherent in publishing financial information on our web site through internal failure or external manipulation.
- Our web site, which contains the electronic financial statements, will advise the reader that such financial statements are presented for convenience and information purposes only, and while reasonable efforts have been made to ensure the integrity of such information, they should not be relied on. A copy of the printed financial statements will be provided on request.

To the best of our knowledge and belief, no events, including instances of noncompliance, have occurred subsequent to the statement of financial position date and through the date of this representation letter, as entered on the first page, that would require adjustment to or disclosure in the aforementioned financial statements or in the schedule of findings and questioned costs.

Very truly yours,



Joe Bereskin, Mayor

Hermann J. Scanlan, City Administrator

Bobby Jo Kramer, Finance Manager

City of Akutan, Alaska
Adjusting Journal Entries
Date: 7/1/2012 To 6/30/2013

Number	Name	Account No	Debit	Credit
AJE 1	Due To/From Other Funds	001-000-000-000-250 001	10,260.55	
AJE 1	Transfer To Electric Fund	001-000-900-000-955 001		10,260.55
AJE 1	Due To/From Other Funds	005-000-000-000-250 005		10,260.55
AJE 1	Accrued Leave	005-000-000-000-310 005	10,260.55	
AJE 1	Transfer From General Fund	005-000-000-000-790 005	10,260.55	
AJE 1	Salaries	005-000-000-000-800 005		10,260.55
To adjust accrued leave - Adjustment identified by auditors and made by the client				
AJE 2	Due To/From Other Funds	001-000-000-000-250 001		6,231.23
AJE 2	Transfer To Electric Fund	001-000-900-000-955 001	6,231.23	
AJE 2	Fuel Inventory	005-000-000-000-200 005	4,967.52	
AJE 2	Due To/From Other Funds	005-000-000-000-250 005		11,198.75
AJE 2	Due To/From Other Funds	005-000-000-000-250 005	6,231.23	
AJE 2	Due To/From Other Funds	005-000-000-000-250 005		1,190.00
AJE 2	Transfer From General Fund	005-000-000-000-790 005		6,231.23
AJE 2	Utilities - Fuel	005-000-000-000-851 005		6,577.19
AJE 2	Utilities - Fuel	005-000-000-000-851 005	11,198.75	
AJE 2	Utilities - Fuel	005-000-000-000-851 005	1,190.00	
AJE 2	Diesel	005-000-000-000-856 005		4,967.52
AJE 2	Diesel	005-000-000-000-856 005	6,577.19	
AJE 2	Due To/From Other Funds	011-000-000-000-250 011	11,198.75	
AJE 2	Due To/From Other Funds	011-000-000-000-250 011	1,190.00	
AJE 2	Interdepartmental Sales	011-000-000-000-722 011		11,198.75
AJE 2	Interdepartmental Sales	011-000-000-000-722 011		1,190.00
To record inventory for the hydro tank, and to record interdepartmental sales				
AJE 3	Due To/From Other Funds	005-000-000-000-250 005		6,821.65
AJE 3	Utilities - Fuel	005-000-000-000-851 005	6,821.65	
AJE 3	Due To/From Other Funds	011-000-000-000-250 011	6,821.65	
AJE 3	Interdepartmental Sales	011-000-000-000-722 011		6,821.65
To record Feb fuel delivery to electric utility per ticket # 231081				
AJE 4	Equipment	005-000-000-000-291 005	126,519.38	
AJE 4	Service Lines	005-000-000-000-292 005	308,923.69	
AJE 4	Construction in Progress	005-000-000-000-296 005		382,985.70
AJE 4	Outside Services	005-000-000-000-820 005		54,761.42
AJE 4	Equipment	005-000-000-000-858 005	2,304.05	
To correct electric CIP and capitalize secondaries upgrade and meter bases				

City of Akutan, Alaska
Adjusting Journal Entries
Date: 7/1/2012 To 6/30/2013

Number	Name	Account No	Debit	Credit
AJE 5	Accumulated Depreciation	005-000-000-000-295 005		8,287.13
AJE 5	Depreciation	005-000-000-000-867 005	8,287.13	
	To record depreciation on 2013 additions			
AJE 6	Due To/From Other Funds	001-000-000-000-250 001	44,170.24	
AJE 6	Transfer To Electric Fund	001-000-900-000-955 001		44,170.24
AJE 6	Due To/From Other Funds	005-000-000-000-250 005		44,170.24
AJE 6	Transfer From General Fund	005-000-000-000-790 005	44,170.24	
	To adjust electric transfers after CIP adjustment and depreciation			
PBC 1	Grants receivable	001-000-000-000-154 001		175.71
PBC 1	Denali Commision Grant	001-000-000-000-736 001	175.71	
	To adjust Denali Commission receivable			
PBC 2	Airport Receivable	001-000-083-000-116 001		26,180.25
PBC 2	Lodging Sales	001-000-083-000-731 001	20,158.80	
PBC 2	Meals Sales	001-000-083-000-732 001	6,021.45	
	To adjust airport receivables to estimated actual collectable			
PBC 3	Fuel Inventory	011-000-000-000-200 011		4,446.80
PBC 3	Diesel	011-000-024-000-856 011	4,446.80	
	Correct error in calculating fuel balances			
PBC 4	Accounts Receivable	011-000-000-000-100 011		139.60
PBC 4	Fuel	011-000-000-000-104 011	139.60	
	To correct gas receivable			

City of Akutan, Alaska
Adjusting Journal Entries
Date: 7/1/2012 To 6/30/2013

Number	Name	Account No	Debit	Credit
PBC 5	Due To/From Other Funds	001-000-000-000-250 001		605.28
PBC 5	Due To/From Other Funds	001-000-000-000-250 001		1,382.50
PBC 5	Utilities - Electricity	001-000-003-000-850 001	320.42	
PBC 5	Utilities - Fuel	001-000-003-000-851 001	592.50	
PBC 5	Utilities - Electricity	001-000-004-000-850 001	198.35	
PBC 5	Utilities - Electricity	001-000-005-000-850 001	13.44	
PBC 5	Utilities - Electricity	001-000-005-000-850 001	73.07	
PBC 5	Utilities - Fuel	001-000-006-000-851 001	790.00	
PBC 5	Due To/From Other Funds	005-000-000-000-250 005		68.64
PBC 5	Due To/From Other Funds	005-000-000-000-250 005	1,768.96	
PBC 5	Due To/From Other Funds	005-000-000-000-250 005		17,656.50
PBC 5	City Owned Electric	005-000-000-000-724 005		1,768.96
PBC 5	Utilities - Electricity	005-000-000-000-850 005	68.64	
PBC 5	Utilities - Fuel	005-000-000-000-851 005	17,656.50	
PBC 5	Due To/From Other Funds	010-000-000-000-250 010		573.33
PBC 5	Due To/From Other Funds	010-000-000-000-250 010		395.00
PBC 5	Utilities - Electricity	010-000-020-000-850 010	573.33	
PBC 5	Utilities - Fuel	010-000-020-000-851 010	395.00	
PBC 5	Due To/From Other Funds	011-000-000-000-250 011		121.45
PBC 5	Due To/From Other Funds	011-000-000-000-250 011	20,342.50	
PBC 5	Interdepartmental Sales	011-000-000-000-722 011		20,342.50
PBC 5	Utilities - Electricity	011-000-024-000-850 011	121.45	
PBC 5	Due To/From Other Funds	012-000-000-000-250 012		400.26
PBC 5	Due To/From Other Funds	012-000-000-000-250 012		158.00
PBC 5	Utilities - Electricity	012-000-028-000-850 012	400.26	
PBC 5	Utilities - Fuel	012-000-028-000-851 012	158.00	
PBC 5	Due To/From Other Funds	050-000-000-000-250 050		750.50
PBC 5	Utilities - Fuel	050-000-000-000-851 050	750.50	
To book May and June City use of electric and fuel				
PBC 6	Due To/From Other Funds	001-000-000-000-250 001		600.66
PBC 6	Due To/From Other Funds	001-000-000-000-250 001		1,054.00
PBC 6	Utilities - Electricity	001-000-003-000-850 001	328.17	
PBC 6	Utilities - Fuel	001-000-003-000-851 001	264.00	
PBC 6	Utilities - Electricity	001-000-004-000-850 001	30.75	
PBC 6	Utilities - Electricity	001-000-004-000-850 001	83.37	
PBC 6	Utilities - Fuel	001-000-005-000-851 001	395.00	
PBC 6	Utilities - Fuel	001-000-005-000-851 001	395.00	
PBC 6	Utilities - Electricity	001-000-009-000-850 001	158.37	
PBC 6	Due To/From Other Funds	005-000-000-000-250 005		57.20
PBC 6	Due To/From Other Funds	005-000-000-000-250 005	1,734.71	
PBC 6	Due To/From Other Funds	005-000-000-000-250 005		11,830.25
PBC 6	City Owned Electric	005-000-000-000-724 005		1,734.71
PBC 6	Utilities - Electricity	005-000-000-000-850 005	57.20	
PBC 6	Utilities - Fuel	005-000-000-000-851 005	11,830.25	
PBC 6	Due To/From Other Funds	010-000-000-000-250 010		559.44
PBC 6	Utilities - Electricity	010-000-020-000-850 010	559.44	
PBC 6	Due To/From Other Funds	011-000-000-000-250 011		101.42
PBC 6	Due To/From Other Funds	011-000-000-000-250 011	13,279.25	
PBC 6	Interdepartmental Sales	011-000-000-000-722 011		13,279.25
PBC 6	Utilities - Electricity	011-000-024-000-850 011	101.42	
PBC 6	Due To/From Other Funds	012-000-000-000-250 012		415.99
PBC 6	Utilities - Electricity	012-000-028-000-850 012	415.99	
PBC 6	Due To/From Other Funds	050-000-000-000-250 050		395.00
PBC 6	Utilities - Fuel	050-000-000-000-851 050	395.00	
To post June electric and fuel city use				

City of Akutan, Alaska
Adjusting Journal Entries
Date: 7/1/2012 To 6/30/2013

Number	Name	Account No	Debit	Credit
PBC 7	Due To/From Other Funds	001-000-000-000-250 001		451,939.76
PBC 7	Transfer To Dock & Skiff Moorage	001-000-900-000-951 001	130,750.88	
PBC 7	Transfer To Water & Sewer	001-000-900-000-954 001	64,554.28	
PBC 7	Transfer To Electric Fund	001-000-900-000-955 001	256,634.60	
PBC 7	Due To/From Other Funds	005-000-000-000-250 005	256,634.60	
PBC 7	Transfer From General Fund	005-000-000-000-790 005		256,634.60
PBC 7	Due To/From Other Funds	010-000-000-000-250 010	64,554.28	
PBC 7	Transfer From General Fund	010-000-000-000-790 010		64,554.28
PBC 7	Due To/From Other Funds	012-000-000-000-250 012	130,750.88	
PBC 7	Transfer From General Fund	012-000-000-000-790 012		130,750.88
	To adjust transfers			
PBC 8	Due To/From Other Funds	001-000-000-000-250 001		1,145.50
PBC 8	Transfer to Daycare Facility	001-000-900-000-961 001	1,145.50	
PBC 8	Due To/From Other Funds	050-000-000-000-250 050	1,145.50	
PBC 8	Transfer From General Fund	050-000-000-000-790 050		1,145.50
	To correct daycare after recording fuel expense			
PBC 9	Due To/From Other Funds	001-000-000-000-250 001	109,728.85	
PBC 9	Transfer to Creek Hydroelectric Fund	001-000-900-000-960 001		109,728.85
PBC 9	Due To/From Other Funds	038-000-000-000-250 038		109,728.85
PBC 9	Transfer From General Fund	038-000-000-000-790 038	109,728.85	
	To use fund balance previously transferred in instead of doing a current year transfer in Town Creek			
PBC 10	Due To/From Other Funds	001-000-000-000-250 001		27,885.00
PBC 10	Due To/From Other Funds	001-000-000-000-250 001		2,332.72
PBC 10	Due To/From Other Funds	001-000-000-000-250 001	44,031.00	
PBC 10	Transfer To Cable	001-000-900-000-952 001	2,332.72	
PBC 10	Transfer To Fuel & Gas	001-000-900-000-953 001	27,885.00	
PBC 10	Transfer to Geothermal	001-000-900-000-962 001		44,031.00
PBC 10	Due To/From Other Funds	011-000-000-000-250 011	27,885.00	
PBC 10	Transfer From General Fund	011-000-024-000-790 011		27,885.00
PBC 10	Due To/From Other Funds	013-000-000-000-250 013	2,332.72	
PBC 10	Transfer From General Fund	013-000-000-000-790 013		2,332.72
PBC 10	Due To/From Other Funds	037-000-000-000-250 037		44,031.00
PBC 10	Transfer From General Fund	037-000-000-000-790 037	44,031.00	
	To adjust transfers			
PBC 11	Accounts Payable	001-000-000-000-300 001		47,733.00
PBC 11	Trident Lease Parcel A	001-000-012-000-728 001		15,911.00
PBC 11	Rent	001-000-083-000-843 001	47,733.00	
PBC 11	Transfer To Dock & Skiff Moorage	001-000-900-000-951 001	15,911.00	
PBC 11	Trident Lease Parcels	012-000-000-000-728 012	15,911.00	
PBC 11	Transfer From General Fund	012-000-000-000-790 012		15,911.00
	To reclass cash receipt from fund 12 to fund 01, and to record lease liability for FY10, FY12, and FY13			

City of Akutan, Alaska
Adjusting Journal Entries
Date: 7/1/2012 To 6/30/2013

Number	Name	Account No	Debit	Credit
PBC 12	General Checking Bank Account	001-000-000-000-010 001		5,042.24
PBC 12	Warehouse Rental	001-000-000-000-709 001	1,437.24	
PBC 12	Rentals	001-000-000-000-712 001	3,600.00	
PBC 12	Meals Sales	001-000-083-000-732 001	5.00	
To adjust for the outstanding deposit amount recorded in two bank reconciliations. (General Checking, and City Cash Account)				